2017

DALLAS

City of Dallas, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2017

CITY OF DALLAS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2017

Issued by
City Controller's Office

M. Elizabeth Reich, Chief Financial Officer
Lance Sehorn, CPA, CGMA, Interim City Controller
Jenifer West, Financial Reporting Manager

Dennis Clotworthy
Prakash Gautam
Zaman Hemani
Nancy Hong
Bethlehem Kassa
Kevin Levin
Theresa Lu
Cyndi Mendez
Adam Wong
Christina Yang
Rowena Zhang, CFA, CPA

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

CITY OF DALLAS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2017
TABLE OF CONTENTS

		PAGE
I.	**INTRODUCTORY SECTION (Unaudited)**	
	Letter of Transmittal	v
	City Officials	xviii
	City of Dallas Organizational Chart	xix
	GFOA Certificate of Achievement	xx
II.	**FINANCIAL SECTION**	
	Independent Auditors' Report	1
	A. MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)	3
	B. BASIC FINANCIAL STATEMENTS	
	Government-Wide Financial Statements	
	Statement of Net Position	13
	Statement of Activities	14
	Fund Financial Statements	
	Governmental Fund Financial Statements	
	Balance Sheet	16
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
	Statement of Revenues, Expenditures, and Changes in Fund Balances	18
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
	Budget and Actual Comparison	
	General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances-Non-GAAP Budgetary Basis	20
	Proprietary Fund Financial Statements	
	Statement of Net Position	22
	Statement of Revenues, Expenses, and Changes in Fund Net Position	24
	Statement of Cash Flows	26
	Fiduciary Fund Financial Statements	
	Statement of Net Position	30
	Statement of Changes in Net Position	31
	Notes to the Basic Financial Statements	32
	C. REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)	
	Schedule of Changes in the City's Net Pension Liability and Related Ratios – Pension Plans	102

TABLE OF CONTENTS
(continued)

		PAGE
	Schedule of City Contributions to Pension Plans	104
	Notes to Schedule of City Contributions to Pension Plans	106
	Schedule of Funding Progress – Other Postemployment Benefits	109
D.	**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	112
	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	116
	Nonmajor Enterprise Funds	
	Combining Statement of Net Position	123
	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	124
	Combining Statement of Cash Flows	125
	Internal Service Funds	
	Combining Statement of Net Position	127
	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	128
	Combining Statement of Cash Flows	129
	Fiduciary Funds	
	Combining Statement of Plan Net Position	131
	Combining Statement of Changes in Plan Net Position	132
	Combining Statement of Changes in Agency Assets and Liabilities	133
	Debt Service Fund	
	Budgetary Comparison Schedule-Debt Service Fund	135
	Discretely Presented Component Units	
	Combining Statement of Net Position	137
	Combining Statement of Revenues, Expenses, and Changes in Net Position	138

TABLE OF CONTENTS
(continued)

		PAGE
E.	**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**	
	Schedules by Source	139
	Schedule by Function and Activity	140
	Schedule of Changes by Function and Activity	141

III. STATISTICAL SECTION (UNAUDITED)

	TABLE	PAGE
Net Position by Component	1	144
Change in Net Position	2	146
Fund Balances, Governmental Funds	3	148
Changes in Fund Balances, Governmental Funds	4	150
Assessed Value and Estimated Actual Value of Taxable Property	5	152
City Tax Rate Distribution	6	153
Property Tax Rates - All Direct and Overlapping Tax Rates	7	154
Property Tax Levies and Collections	8	155
Principal Property Taxpayers	9	156
Direct and Overlapping Governmental Activities Debt	10	157
Ratio of Outstanding Debt by Type	11	158
Legal Debt Margin	12	160
Schedule of Revenue Bond Coverage-Dallas Water Utilities	13	162
Schedule of Revenue Bond Coverage-Convention Center Fund	14	163
Demographic Statistics and Economic Statistics	15	164
Principal Employers	16	165
Capital Assets Statistics by Function/Program	17	166
Operating Indicators by Function/Program	18	168
Headcount of City Government Employees by Function/Program	19	170

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

INTRODUCTORY SECTION

CITIZENS OF DALLAS, HONORABLE MAYOR, AND CITY COUNCIL MEMBERS:

We are pleased to present the City of Dallas' Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2017. The City of Dallas and our dedicated financial management staff are committed to being responsible stewards of the funds Dallas residents and taxpayers entrust to us. We are also committed to financial reporting excellence, transparency, and accountability, and have produced this CAFR to help the public better understand the City, our operations, and our finances.

We are proud to announce we received an unmodified (clean) audit opinion on our financial statements this year from our external auditor, Grant Thornton, LLP. We can provide reasonable assurance that the financial information contained in this report is complete, reliable, and accurate.

We present the CAFR in three sections:

- The **Introductory Section** provides this transmittal letter, a list of City officials, and an organizational chart.
- The report from our external auditor, Grant Thornton LLP, is located at the front of the **Financial Section**, followed by Management's Discussion and Analysis (MD&A) and the annual financial statements. The MD&A includes a narrative introduction, overview, and analysis of the basic financial statements, and should be read in conjunction with this transmittal letter.
- The **Statistical Section** presents selected financial and demographic information.

ABOUT DALLAS

Originally founded in 1841 by John Neely Bryan, Dallas quickly grew to serve the surrounding rural areas and secured rail lines which were a catalyst for further economic expansion. Dallas was incorporated in 1856, and by the 1860 census had a population of 2,000. Today, Dallas is the ninth largest city in the nation, and the largest local economy in the nation's fourth largest metropolitan area. At approximately 385 square miles, Dallas is spread across four counties (Dallas, Collin, Denton, and Rockwall).

The city is home to 1,270,170 people (as of September 2017).[1] The Dallas-Fort Worth-Arlington metropolitan area's 146,000-population increase from July 1, 2016, to July 1, 2017 was the most of any metro area in the nation. Further, four of the top 10 largest-gaining counties in the nation were in the Dallas metro area — Collin, Dallas, Denton, and Tarrant.[2] Dallas attracts both domestic and international migration. In 2016, foreign-born residents made up 24 percent of the city's overall population, and they represented 31.6 percent of our working-age population, 31.5 percent of our employed labor force, and 23.9 percent of our science, technology, engineering, and math workers.[3] Dallas' current median household income is $46,581 and our per capita income is $31,592.[4]

[1] North Central Texas Council of Governments estimate
[2] U.S. Census Bureau July 1, 2017 population estimates, released March 22, 2018
[3] American Community Survey
[4] U. S. Census Bureau

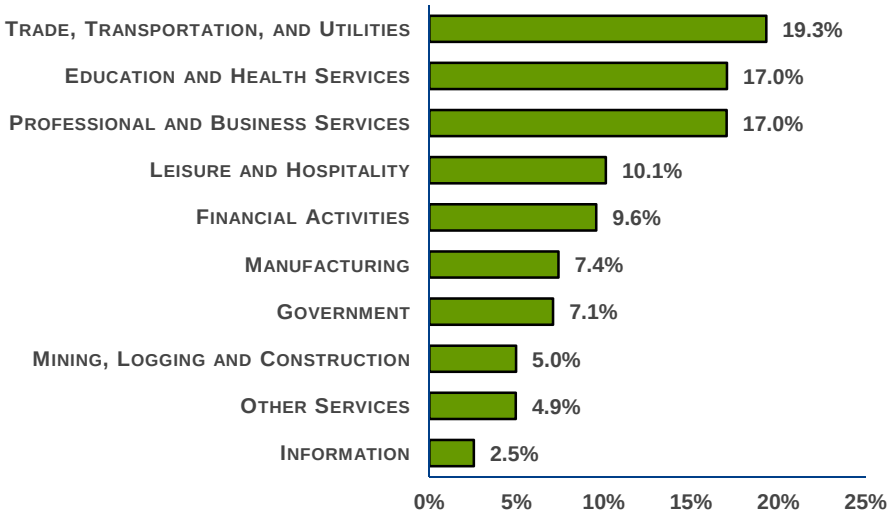
Dallas has a Council-Manager form of government. There are 14 single-district Council Members and a Mayor elected at-large. The Mayor and Council appoint the City Manager, City Attorney, City Auditor, City Secretary, and the Municipal Court Judges. The City provides the full range of municipal services established by statute or charter. These include public safety (police and fire), streets, culture and recreation, library, public improvements, planning and zoning, and general administrative services. In addition to general government activities, Dallas Water Utilities, Airport Revenues, Convention Center, Sanitation Services, and several other enterprise and internal service fund activities are part of the City's legal entity. See *Financial Information* in this transmittal letter for more information on the legal entity.

THE DALLAS ECONOMY

Overall, the city's economic outlook remains strong. Dallas has a diverse industry mix that continues to create jobs, resulting in a low unemployment rate. Further, Dallas' housing values continue to rise.

The city is home to nearly 64,000 businesses.[5] Dallas' diverse industry employment mix continues to support steady and progressive local economic growth and continues to dampen the negative effects of any single industry downturn. Service-sector jobs grew in FY 2017. For the 2017 estimated industry sector breakout, the Trade, Transportation, and Utilities sector continued to have the largest industry sector share by employment within the city. The Education and Health Services industry had the second largest employment share followed closely by Professional and Business Services.[6]

FIGURE 1
DALLAS EMPLOYMENT BY INDUSTRY



[5] eSite Analytics-D&B Business Summary Estimates 2017
[6] Estimates using Bureau of Labor Statistics and Reference USA

The Dallas monthly labor force (Dallas residents only) averaged 676,091 during FY 2017. The monthly average of residents who were unemployed over this fiscal year was 27,356. Dallas' FY 2017 unemployment rate of 4.1 percent has remained below the U.S. average for over 100 consecutive months.[7] The U.S. rate averaged 4.5 percent in FY 2017.[8]

FIGURE 2. DALLAS UNEMPLOYMENT RATE (PERCENT)

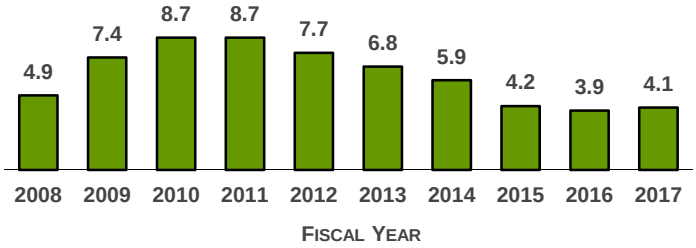
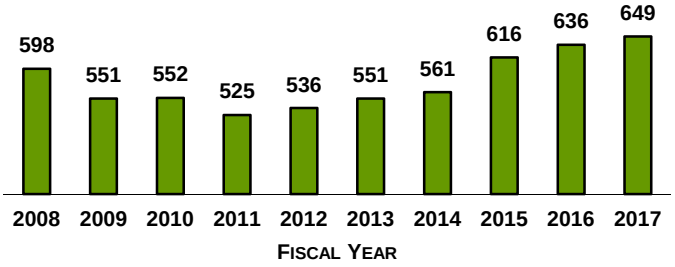


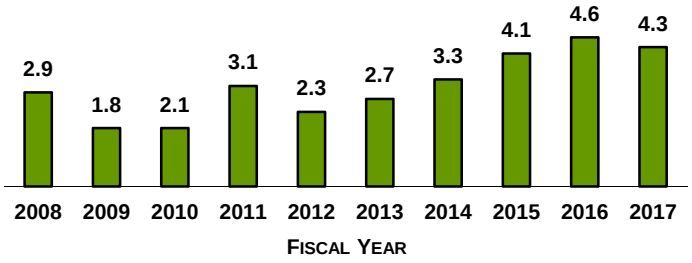
Figure 3. Dallas Household Employment (1,000's of employed residents)



The number of employed Dallas residents increased during the fiscal year. Approximately 648,735 Dallas residents were working in FY 2017.[9]

In FY 2017, the annual value of all construction permits was over $4.1 billion. New construction values increased from the previous year to approximately $2.53 billion.[10]

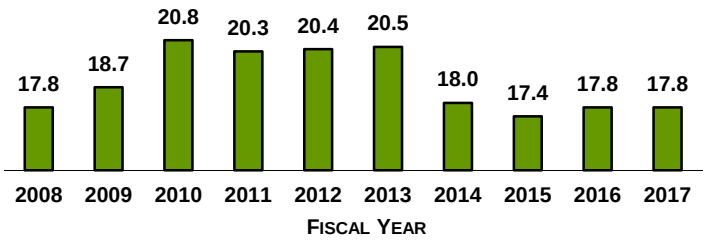
Figure 4. Dallas Building Activity ($ billions)



[7] Texas Workforce Commission / U.S. Bureau of Labor Statistics
[8] U.S. Bureau of Labor Statistics – non-seasonally adjusted values
[9] U.S. Bureau of Labor Statistics – non-seasonally adjusted values
[10] City of Dallas Department of Sustainable Development and Construction & Office of Budget

Dallas has over 131 million square feet of office space, 205 million square feet of industrial/flex space, and 80 million square feet of retail space.[11]

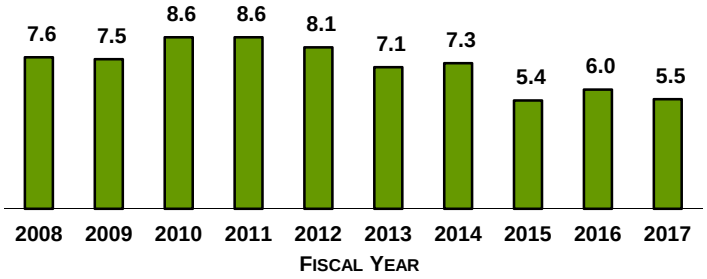
Figure 5. Dallas Office Vacancy Rate (percent)



Office vacancy rates remained the same in FY 2017. Construction activity grew to meet employment gains in the Professional and Business Services industry and in the Financial Services industry during the fiscal year. Continued projected growth in these industries fosters an expectation for the vacancy rate to decline the next year.[12]

The industrial vacancy rate decreased during FY 2017 to 5.5 percent. Economic growth in distribution activity increased Dallas' demand for warehousing and production space. With a market response of over 204.6 million square feet of space delivered, the city's inventory increased 1.3 percent. The continued demand for industrial space promotes an expectation for the rate to decline in the next year.[13]

Figure 6. Dallas Industrial Vacancy Rate (percent)

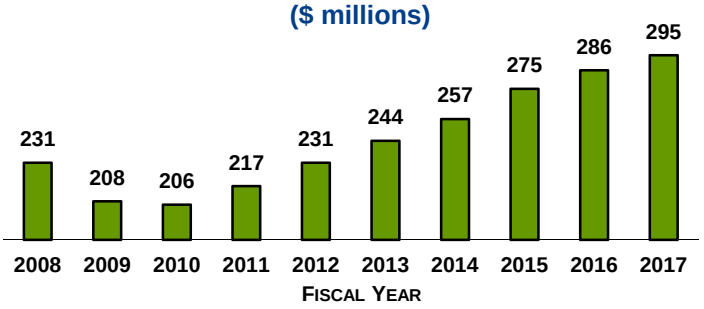


During FY 2017, progress continued at the International Inland Port of Dallas, a major logistics (warehouse, distribution, and ecommerce) hub in the southeast quadrant of the city. The approximately 2,500 acres of land within the city limits and 7,500 acres for the total project have become the gateway to a major distribution hub that will exceed 60 million square feet of industrial and warehouse space at completion. There are currently 32 million square feet built or under construction, with over 9 million square feet of this in the City of Dallas.

Sales tax revenue continued to grow for the seventh consecutive year after the decline of the 2007-2009 national recession. During FY 2017, total City sales tax revenues grew to over $295.4 million.

Since FY 2011, City sales tax revenue has increased by 36 percent.

Figure 7. Dallas Sales Tax Revenue ($ millions)



[11] CoStar, NOV 2017
[12] CoStar, BLS
[13] CoStar

Total taxable value of property, including business personal property, increased to $110.4 billion in FY 2017 from $100.3 billion in FY 2016 – a 10 percent increase.

Dallas' commercial tax base grew 11.7 percent to $47.7 billion for FY 2017. FY 2017 was the third consecutive year for double digit percent tax base growth rate. This reflects continued strong post-recession job growth, resulting in demand for commercial space.

Figure 8. Dallas Commercial Property Tax Base
Taxable Value ($ billions)

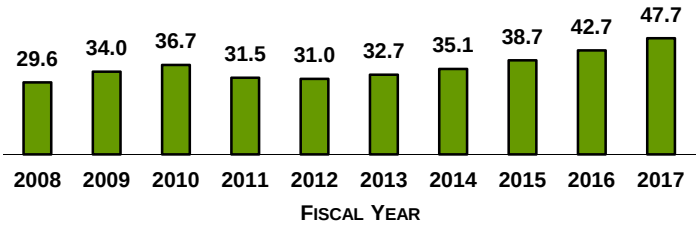
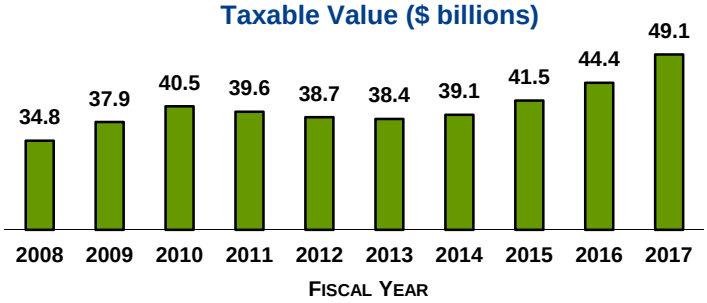


Figure 9. Dallas Residential Tax Base
Taxable Value ($ billions)



The residential tax base increased approximately 10.6 percent to $49.1 billion for FY 2017. Dallas' increased valuations reflect continued inward migration and a diverse housing stock that can accommodate various household needs.

The effects of the growth in FY 2017 can be seen across Dallas. Over 9,700 residential units were either available or under construction in the Central Business District (CBD), supporting an estimated downtown residential population of nearly 11,520. By expanding a one-mile band around the midpoint of the CBD, the available or under construction residential unit count increases to over 42,700.[14] Hotel occupancy in the Downtown, Market Center, and Uptown segments in September 2017 was 68.7 percent, down 1.4 percentage points from the previous year's adjusted occupancy rate.[15] The Mayflower Building on Akard Street added 214 units to Downtown's growing multifamily count and approximately 20,000 square feet of ground floor retail space. The Butler Brothers Building at 500 South Ervay Street completed renovation for part of the building into 238 apartments as well as the development of space for DevMountain, a school teaching computer coding. In the adjacent Cedars District, the 12-story, 237-room Lorenzo Hotel opened this year. The Hampton Inn & Suites has recently opened a hotel with 176 rooms on Commerce Street.[16]

[14] Downtown Dallas Inc.
[15] Dallas Convention & Visitors Bureau / Smith Travel Research
[16] Downtown Dallas Inc.

The University of North Texas at Dallas (UNT Dallas) in Southern Dallas continued to grow in FY 2017. The fall 2017 enrollment at the campus was 3,509, with full-time equivalent enrollment at 2,626 students. The new campus is expected to enroll 25,000 students ultimately. In October 2016, Dallas Area Rapid Transit (DART) opened the UNT Dallas DART rail station, effectively linking the university to all of DART's service area. Construction of the first on-campus dormitory was completed in July 2017 and students moved in during early August 2017. A new Student Learning & Success Center began construction in spring 2017 and is anticipated substantial completion in early March 2019 and owner occupancy in early May 2019. Other area improvements include the City's Park and Recreation Department's recently completed Runyon Creek Trail improvement project beginning at Glendale Park and linking to the new Singing Hills Recreation Center.

Transportation and mobility was an increased focus in FY 2017. The City of Dallas currently holds 46 Dallas Area Rapid Transit (DART) light rail stations. The City continues to work with private developers to pursue projects near station areas that complement the transit system through new housing and employment opportunities. Light rail service connects the city with the Dallas / Fort Worth (DFW) International Airport. In 2017, DART's Board of Directors approved the pursuit of D2, a subway through downtown that will alleviate congestion and enhance service in the Dallas CBD, while adding four or five new stations. A new downtown line is scheduled to open in 2024. Additionally, the Dallas Streetcar connects the Bishop Arts District with downtown Dallas; in 2017 DART's Board of Directors approved extension of the streetcar through downtown to Uptown and a connection with the McKinney Avenue Trolley (MATA). The streetcar extension is scheduled to open in 2023.

Dallas Love Field Airport has seen an increase in traffic following the Wright Amendment Reform Act that went into effect October 13, 2014, and the airlines began operating nonstop flights from Love Field across the United States. Love Field now hosts over 14.5 million arriving and departing passengers a year, an increase from 9.5 million in FY 2014. Through the Love Field Modernization Program, the airport now boasts a rebuilt terminal with 20 aircraft gates and new ramp areas. The Love Field Art Program includes almost 20 permanent works, rotating exhibits, and a venue for performing arts.

Dallas Love Field was awarded the following accolades in 2017: Best Program Design for a Medium Sized Airport by Airport Revenue News; National Recognition Award for the Love Field Airport Modernization Program by the American Council of Engineering Companies; the Engineering Excellence Award by the American Council of Engineering Companies of Texas; the Best Run Airport in America by the Tampa Bay Business Journal and 10th Best Among Domestic Airports by Travel + Leisure Magazine. In September 2017, the City completed major renovations and maintenance upgrades on hangars at Dallas Executive Airport. The $2 million project illustrates the City's continued investment to increase passenger activity at Dallas Executive Airport and make it a self-sustaining facility.

SERVICE FIRST

At the City of Dallas, we put *Service First*. Whether we are resolving a minor issue or responding to an emergency call, we act with a sense of urgency to provide the best service to the citizens of Dallas, and we do so with empathy, ethics, excellence, and equity. Although we face many challenges, we are dedicated to achieving our mission as efficiently and effectively as possible.

In FY 2017, our *Service First* approach helped to ensure Dallas continues to be a place people want to work, live, and play. For example, we sent out our successful "City Hall on the Go!" mobile unit, which served more than 10,000 customers in their neighborhoods, saving an estimated 139,000 miles in resident trips to City Hall. We also demonstrated our commitment to improving streets and infrastructure by completing work on 360 lane miles of streets, replacing 112,000 linear feet of curb and gutter, and repairing more than 36,000 potholes. Keeping our communities safe continued to be a top priority, and in 2017, the crime rate fell by 3.6 percent compared to 2016. Further, we successfully converted our 911 call center to the NEXT Generation 911 system. This system has digital communication lines, statistical reporting, workforce management, and scheduling tools to improve service efficiencies.

Additionally, we took a different approach to address homelessness in FY 2017 with the creation of the Office of Homeless Solutions (OHS). This new office is systems-oriented, based on the Collective Impact Model, and develops strategies to reduce the impacts of homelessness on citizens, businesses, and individuals and families who are experiencing homelessness. OHS facilitated the implementation of a new encampment clean up and reclamation process, strengthening coordination efforts between Police, Fire, Code Compliance, 311, Dallas County, and service providers. Two major homeless encampments in the city were successfully cleaned and have sustained reclamation. In addition, OHS assisted with establishing the Citizens Homeless Commission to advise City Council on issues affecting people experiencing homelessness, provide policy recommendations, and increase participation in the human services network. We are also proud of our Central Library, which served more than 4,100 individuals experiencing homelessness who visited. Over 1,000 people used the information and referral desk on the first floor of the J. Erik Jonsson Central Library to obtain help finding social service programs and receive in-depth job seeking services.

Finally, we are pleased that through a public-private partnership with FCC Environmental, we opened a new $22 million Single-Stream Material Recovery Facility on January 3, 2017 on schedule. This facility serves the recycling needs of our residents and commercial customers, as well as neighboring cities. The facility was named the 2017 Best Recycling Facility in North America by the National Waste and Recycling Association.

SAVING THE DALLAS POLICE AND FIRE PENSION

In May 2017, after many months of hard work and negotiations between the City and the Dallas Police and Fire Pension System, the Texas State Legislature approved House Bill 3158 to save the pension. The Governor signed the bill on May 31, 2017, and its changes went into effect on September 1, 2017. According to the City's actuary, Deloitte LLC, this reform transformed a pension system that would have been insolvent in less than 10 years to one that is projected to be fully funded in 2056, 39 years from the valuation date.

The City committed to contribute at least $151 million to the Dallas Police and Fire Pension System Combined Plan in FY 2017-18 and $157 million in FY 2018-19 to secure the retirements of our first responders. The City is not only raising its contribution from 27.5 percent of total pay to 34.5 percent of computation pay, but is also committed to paying a minimum total contribution to the pension for the next seven years. That means that if 34.5 percent of computation pay is not enough to reach this "floor," the City will make up the difference. Over the next 30 years, the City expects to contribute $882.5 million more to the pension fund than it would have contributed under the prior statute.

Additionally, the bill included governance changes, increased contributions from employees, changes to the benefits and features of the plan, and a requirement that the City and the Pension System look to an independent third-party actuary in 2024 to determine whether these changes are sufficient for long-term sustainability.

As a result of this legislation, and our existing strong financial management practices, in fall 2017, all three major ratings agencies upgraded the City's credit rating outlooks to stable from negative.

The City bases the pension liability in the CAFR on calendar year valuations provided by the Pension System. Therefore, this CAFR reflects the long-term pension liability as of December 31, 2016. Our FY 2018 CAFR will be based on a valuation as of December 31, 2017, and thus will reflect this new legislation. The long-term liability is projected to show a significant improvement.

MAJOR INITIATIVES FOR FISCAL YEAR 2018

In September 2017, the City Council adopted an over $3 billion balanced budget for FY 2017-18. Although the City Council adopts an annual budget by law, for the first time, in August 2017, we presented a balanced two-year budget plan to the City Council for consideration. We only budgeted for ongoing expenses, such as public safety pay increases and new programs that we could continue to support in the second year with our forecasted revenue. In prior years, Council may have made decisions that were affordable in the annual budget, but unsustainable in the long-term.

The budget is focused on *Service First*. It makes significant investments in public safety, including increased wages for first responders, increased pension contributions, improvements to the 911 system, and enhanced ambulance service. The budget also funds important services that make a city attractive to long-time and new residents, business, and visitors, such as clean neighborhoods and parks, safe water, libraries, arts, and more.

The budget decreases the tax rate for all property owners by $0.21, to 78.04 cents per $100 valuation. Further, it reflects a change adopted by City Council on June 28, 2017 to lower property taxes for disabled residents and seniors age 65 and older who have a homestead exemption on property they live in and own. This was the first increase to the exemption in 31 years – since 1986. The exemption from City property taxes increased from $64,000 to $90,000. In total, the value of exempt property held by those 65 or over or disabled rose 31 percent, or $1.1 billion, resulting in $8.3 million in foregone revenue.

The City also introduced *Dallas 365*, a set of metrics important to the community and funded by the budget. Through regular reporting on these metrics, the City is accountable to the public for results. *Dallas 365* includes 35 performance measures around our 6 strategic priorities:

- Public Safety;
- Mobility Solutions, Infrastructure, and Sustainability;
- Economic and Neighborhood Vitality;
- Human and Social Needs;
- Quality of Life; and
- Government Performance and Financial Management.

In addition to identifying these strategic priorities in 2017, the City Council has also charged management with developing several new policies in 2018, including those for housing, economic development, and transportation.

Finally, on November 7, 2017, Dallas voters approved 10 bond propositions totaling $1.05 billion. At almost $534 million, investments in streets and transportation is the largest of the propositions. Voters also approved propositions related to flood control and storm drainage, parks and recreation, Fair Park, economic development, and library, cultural arts, public safety, city, and homeless assistance facilities. Management is working to implement this bond program over the next five years.

FINANCIAL INFORMATION

The financial statements of the City of Dallas include all activities, organizations, and functions for which the City is financially accountable. In addition to the general government, enterprise, and internal service functions described in the *About Dallas* section of this transmittal letter, 18 tax increment financing districts are also included in the City's reporting entity.

Although the pension trust funds are separate legal entities, they exist to exclusively serve or benefit the City's employees, retirees, and their beneficiaries, and are included in the City's reporting entity as blended component units. The Love Field Airport Modernization Corporation (LFAMC) is also a separate legal entity included in the City's reporting entity as a blended component unit. It was created to facilitate the construction at Love Field Airport. More information regarding the blended component units is included in Note 1(B).

Discretely presented component units are other legally separate entities which are also included in the City's reporting entity based on the criteria set forth in the Codification of Governmental Accounting Standards, Section 2100, *Defining the Financial Reporting Entity*.

The criteria considered in determining the activities to be reported within the City's financial statements are included in Note 1(B). Based on those criteria, the following organizations are included as discretely presented component units of the City of Dallas for financial reporting purposes:

- The Housing Finance Corporation issues tax-exempt mortgage revenue bonds to encourage opportunities for single-family residential home ownership among low to moderate-income citizens;
- The Housing Acquisition and Development Corporation provides safe and affordable housing for low and moderate-income persons;
- The Dallas Development Fund was organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities;
- The Downtown Dallas Development Authority is a separate legal entity which was established to promote economic development of the downtown area and improve the tax base;
- The North Oak Cliff Municipal Management District was organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, the public welfare in the District, and educational scholarships for college-bound students residing in or out of the District;
- The Cypress Waters Municipal Management District was organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, and the public welfare in the District; and
- The Dallas Convention Center Hotel Development Corporation was created to promote the development of the geographic area of the city included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the city including specifically, without limitation, the development and financing of a convention center hotel located within 1,000 feet of the Dallas Convention Center.

Related organizations not included as part of the reporting entity are the Dallas/Fort Worth International Airport, the Dallas Housing Authority, and DART. The reason for not including these entities is because the City's accountability does not extend beyond appointing members to the Boards.

Strong financial management within the City of Dallas begins with adherence to a comprehensive set of financial policies. The City Council originally adopted the Financial Management Performance Criteria (FMPC) on March 15, 1978 to provide standards and guidelines for the City's financial managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions. The FMPC has been revised periodically since its adoption. The status of each criterion is updated annually and presented with the annual budget, at year-end, and for each debt issuance. The FMPC contains 54 criteria in 7 different categories, in addition to 13 criteria specific to Dallas Water Utilities, as follows:

- Operating Program: Criteria 1-14
- Pension Program: Criteria 15-16
- Budgeting and Planning: Criteria 17-24
- Capital and Debt Management: Criteria 25-41
- Economic Development: Criteria 42-49
- Accounting, Auditing, and Financial Planning: Criteria 50-52
- Grants and Trusts: Criteria 53-54
- Dallas Water Utilities: Criteria DWU 1-13

The City's management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure adequate accounting data are compiled to allow for preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

In late 2017, the City established an Executive Finance and Controls Committee (EFCC), consisting of the assistant city managers and chiefs, Chief Information Officer, Controller, director of the Office of Budget, and manager of internal controls, and chaired by the Chief Financial Officer. The EFCC is the foundation for our internal control framework, monitors the external audit including any findings, and leads by an example that demonstrates the City's commitment to ethics and integrity.

The City Controller's Office is accountable for internal accounting controls that are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; 2) the reliability of financial records for preparing financial statements; and 3) accountability for assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Annually, each department is required to conduct a self-assessment of internal controls. The results of these assessments are reported to the City Manager with an action plan to correct any identified deficiencies. In addition, beginning this year, each Department Director was required to sign a management representation letter in connection with the preparation of these financial statements.

Furthermore, as a recipient of federal and state assistance, the City is also responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations, contracts, and grants related to those programs. As part of the City's single audit, tests are made to determine the adequacy of the internal control, including that portion relative to federal and state financial awards, as well as to determine whether the City has complied with applicable laws, regulations, contracts, and grants.

Internal controls are also subject to periodic evaluation by management and the City Auditor. The City Council is required by Charter to appoint a City Auditor who is independent of City management and reports directly to the City Council. The City Auditor supports the internal control structure within the City by performing independent evaluations of existing accounting and administrative controls and by ascertaining compliance with existing plans, policies, and procedures.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that the City Council shall annually appropriate adequate funds in an amount to execute the policies and service delivery plans of the City. City management annually prepares the plan of services for the upcoming fiscal year and the estimated costs, along with a five-year forecast. The annual plan is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The ordinance provides for budgetary control at the department level and these budgets cannot be exceeded without Council approval. Budgetary control is enforced at the department level by reserving appropriations and by encumbering purchase orders and contracts. Open encumbrances are reported, where applicable, as assigned fund balance.

Chapter III, Section 19 of the City Charter requires, "the annual financial statements and related records and accounts of the City to be audited annually by a firm registered with the Texas State Board of Public Accountancy as a firm practicing public accountancy." We were pleased to work with Grant Thornton, LLC on the audit this year. We appreciate their professionalism.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the costs of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dallas for its CAFR for the fiscal year ended September 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. The City of Dallas first received this award for its FY 1981 CAFR, and has received it consecutively for the past 11 years – every year since FY 2006.

A Certificate of Achievement is valid for a period of only one year. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to take this opportunity to thank the staff of the City Controller's Office, as well as staff with financial management roles in all departments, for their dedication to excellence, transparency, and accountability. We could not have produced this report without them. We appreciate the guidance of the Executive Finance and Controls Committee, as well as the assistance of the Office of Economic Development and the Department of Communication and Information Services, which provided the data necessary to prepare this report. We look forward to implementing even stronger fiscal policies and practices to provide City of Dallas residents and taxpayers the maximum value for the resources entrusted to us.

Finally, our thanks to the Mayor and members of the City Council for their support in maintaining the highest standards of professionalism in the management of the financial operations of the City.

Respectfully submitted,

T.C. Broadnax
City Manager

M. Elizabeth Reich
Chief Financial Officer

CITY OF DALLAS

FISCAL YEAR 2017 CITY OFFICIALS

FRONT ROW (seated, left to right):

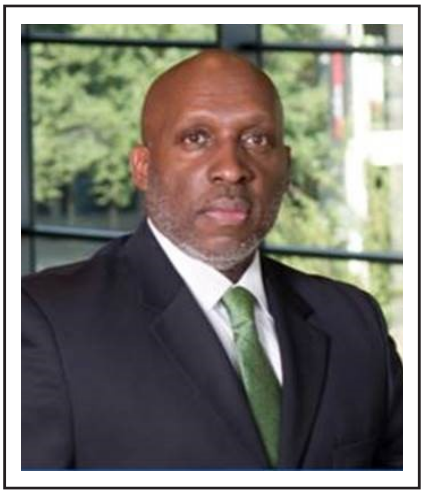
Mark Clayton - *District 9*
Jennifer S. Gates - *District 13*
Mayor Pro Tem Dwaine Caraway - *District 4*
Dallas Mayor Mike Rawlings
Deputy Mayor Pro Tem Adam Medrano - *District 2*
Sandy Greyson - *District 12*
Kevin Felder - *District 7*

BACK ROW (standing, left to right):

Lee Kleinman - *District 11*
Casey Thomas, II - *District 3*
Rickey D. Callahan - *District 5*
Tennell Atkins - *District 8*
Adam McGough - *District 10*
Omar Narvaez - *District 6*
Phillip T. Kingston - *District 14*
Scott Griggs - *District 1*

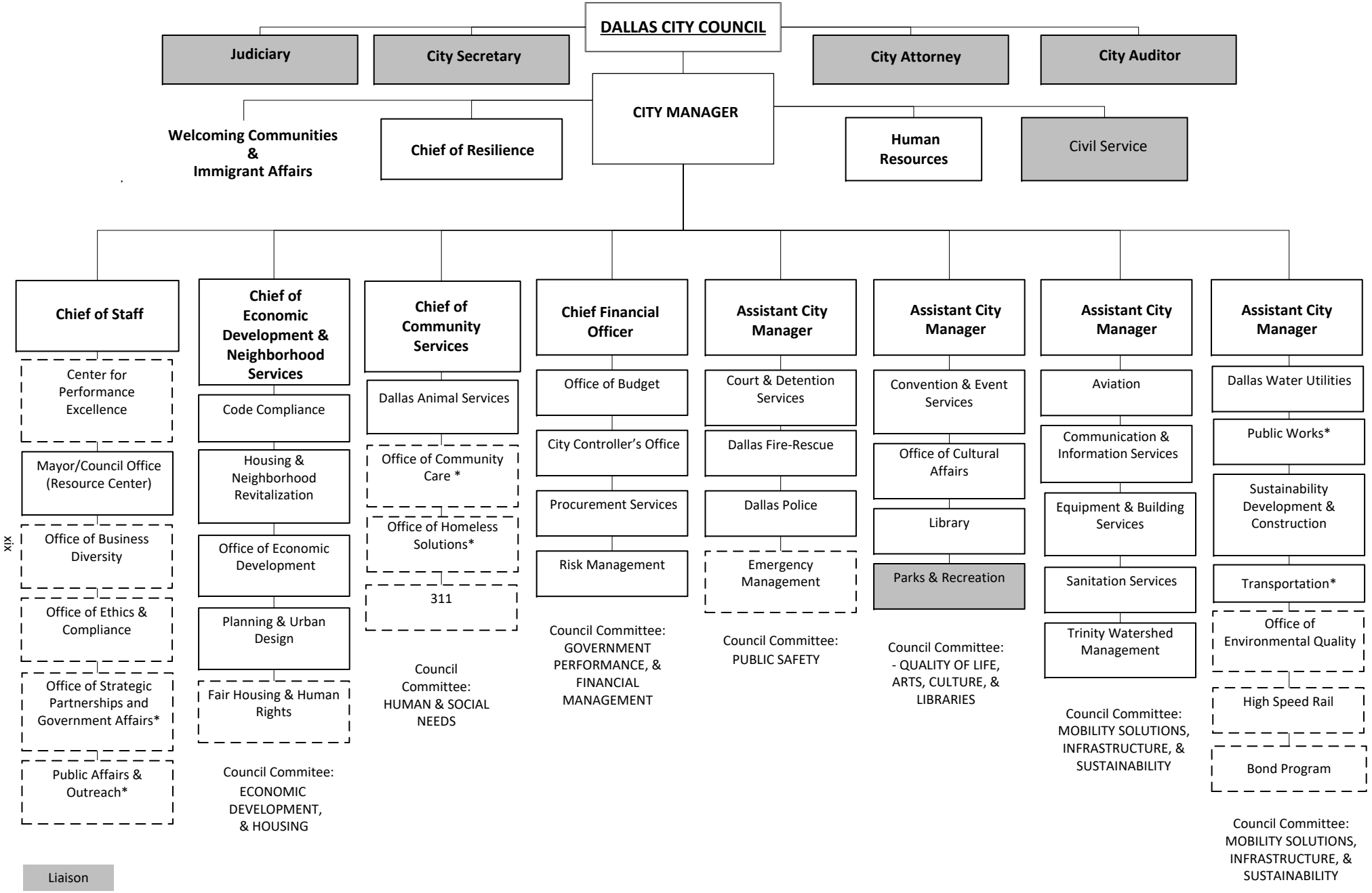
"Our Product is Service"
Empathy | Ethics | Excellence | Equity

CITY MANAGER



T. C. Broadnax

City of Dallas Organizational Chart
September 30, 2017



* Effective November 6, 2017

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dallas

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

Grant Thornton

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton LLP
1717 Main Street, Suite 1800
Dallas, TX 75201-4667

T 214.561.2300
F 214.561.2370
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

The Honorable Mayor and Members of City Council
City of Dallas, Texas

Report on the financial statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dallas Police and Fire Pension System and Supplemental Police and Fire Pension Plan of the City of Dallas, which are blended component units which represent 32%, 36% and 24%, respectively, of the assets, net position and revenues/additions of the aggregate remaining fund information. We also did not audit the financial statements of the Dallas Housing Finance Corporation, the Dallas Housing and Acquisition Development Corporation, and the Dallas Development Fund, which are discretely presented component units which represent 2%, 13%, and 2% respectively of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Grant Thornton

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12, and the Schedule of Changes in the City's Net Pension Liability and Related Ratios-Pension Plans, Schedule of City Contributions to Pension Plans, Notes to the Schedule of City Contributions to Pension Plans, and Schedule of Funding Progress-Other Postemployment Benefits on pages 102 through 109 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, budgetary comparison schedule-debt service fund, and schedules of capital assets used in the operation of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Grant Thornton LLP

Dallas, Texas
March 30, 2018

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd

CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2017
(Unaudited)

As management of the City of Dallas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. The City's management's discussion and analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual major fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, which can be found on pages v-xvii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by approximately $528 million (deficit net position).
- The City's governmental activities net position decreased from the beginning net position by $494 million while the business-type activities net position increased by $111 million.
- As of the close of fiscal year 2017, the City's governmental funds reported combined ending fund balances of $925 million, a decrease of $58 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $171.7 million, or approximately 14.6 percent of the total general fund expenditures, including transfers out.
- The City's governmental long-term liabilities had a net decrease of $1.5 billion from the prior balance of $10.9 billion. The City's business-type activities long-term liabilities decreased $229.4 million from the prior year's balance of $4.7 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business and are made up of the following two statements: the statement of net position and the statement of activities. Both of these statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base, the condition of the City's property tax base, and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, code enforcement, environmental and health services, streets, streets, public works, and transportation, equipment and building services, culture and recreation services, housing, and human services.

The business-type activities of the City include water and sewer utilities, convention center, airport, sanitation and landfill, municipal radio, and building inspections. The airport revenue fund includes the activities of the Love Field Airport Modernization Corporation (LFAMC), a blended component unit.

The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also those of the seven separate legal entities for which the City is financially accountable – the Housing Finance Corporation, the Housing Acquisition and Development Corporation, Dallas Development Fund, the Downtown Dallas Development Authority (DDDA), the North Oak Cliff Municipal Management District, the Cypress Waters Municipal Management District, and the Dallas Convention Center Hotel Development Corporation, which are reported as discretely presented component units separately from the primary government itself.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, which are considered to be major funds. Data from the other twenty-one funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining financial statements section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16, 18, 20, and 21 of this report.

Proprietary Funds: Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or to other units within the City. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The proprietary funds financial statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the airport, convention center, municipal radio, building inspection, sanitation, and water utilities operations. All of the City's enterprise funds, except the municipal radio and building inspection, are considered major funds.

- Internal Service funds accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its equipment services, communication equipment, office services, information services, and risk management programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining financial statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22-29 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's pension trust and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements. The notes to the financial statements can be found on pages 32-102 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was a deficit of approximately $527.7 million as of September 30, 2017. Analyzing the net position of governmental and business-type activities separately, the governmental activities had a deficit balance of approximately $3.8 billion and the business-type activities net position was approximately $3.3 billion. This analysis focuses on the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position (Table 1), and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 1,302,234	$ 1,305,493	$ 1,279,661	$ 1,113,600	$ 2,581,895	$ 2,419,093
Capital assets	3,917,223	3,829,324	6,680,329	6,468,015	10,597,552	10,297,339
Total assets	5,219,457	5,134,817	7,959,990	7,581,615	13,179,447	12,716,432
Deferred outflows of resources	1,946,445	2,692,342	388,927	555,009	2,335,372	3,247,351
Long-term liabilities	9,493,025	10,945,190	4,491,401	4,720,763	13,984,426	15,665,953
Other liabilities	225,674	211,250	213,165	196,738	438,839	407,988
Total liabilities	9,718,699	11,156,440	4,704,566	4,917,501	14,423,265	16,073,941
Deferred inflows of resources	1,294,331	24,146	324,909	10,709	1,619,240	34,855
Net position:						
Net investment in capital assets	2,746,024	2,640,551	3,009,285	2,917,498	5,755,309	5,558,049
Restricted	180,303	169,538	360,630	288,970	540,933	458,508
Unrestricted	(6,773,455)	(6,163,516)	(50,473)	1,946	(6,823,928)	(6,161,570)
Total net postion	$ (3,847,128)	$ (3,353,427)	$ 3,319,442	$ 3,208,414	$ (527,686)	$ (145,013)

The largest portion of the City's net position reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens and, consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Overall, net position of the governmental activities decreased $494 million. This was mostly due to pension expenses of $630 million, offset primarily by increases in property taxes, sales taxes, franchise fees, and capital grants and contributions.

Long-term liabilities decreased by $1.5 billion in the governmental activities due to a net decrease in the net pension liability of $1.4 billion and a decrease in bonds payable of $139 million, offset by increases in estimated unpaid claims of $61 million and developer payables of $19.6 million.

The business-type activities long-term liabilities decreased $229.4 million, due mainly to the recognition of a net decrease in the net pension liability of $404 million, offset by a net increase of $48 million in total water utilities bonds and commercial paper notes payable, and a net increase in general airport revenue bonds of $128 million.

An additional portion of the City's net position ($180 million governmental activities and $361 million business-type activities) represents resources that are subject to external restrictions on how they may be used. The remaining balance in net position is unrestricted.

In governmental activities, there is a deficit unrestricted net position of $6.8 billion as a result of long-term liabilities for items such as bonds, compensated absences, unfunded risk liabilities, net pension liability, other postemployment benefits, pollution remediation, pension obligation bonds, and sales tax liability. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets. In business-type activities, there is a deficit unrestricted net position of $50 million, primarily for items such as the sanitation landfill closure/postclosure liability, as well as compensated absences, net pension liability and other postemployment benefits for all business-type activities.

Analysis of the City's Operations

The table below provides a summary of the City's operations for the fiscal year ended September 30, 2017, with comparative totals for the fiscal year ended September 30, 2016. The governmental activities net position decreased by $494 million and business-type activities net position increased by $111 million. Key elements of these changes in net position are as shown below.

Table 2
Change in Net Position (in thousands)

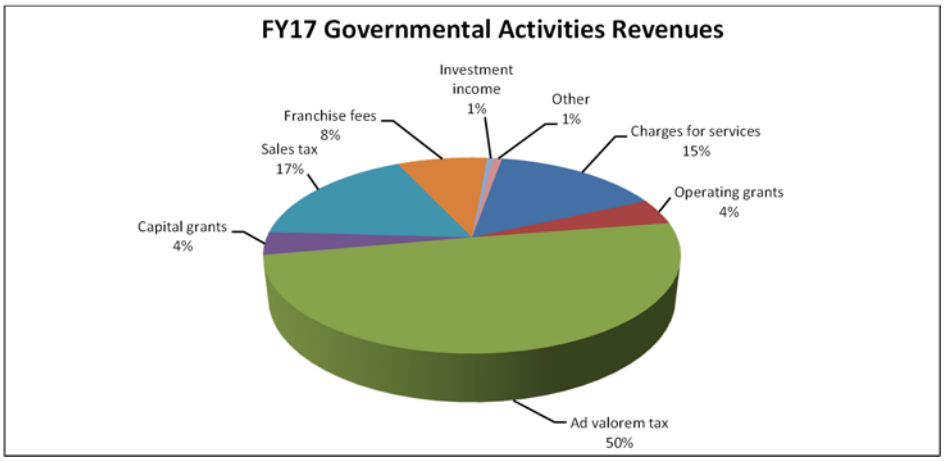
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	$ 265,983	$ 269,534	$ 940,844	$ 901,483	$ 1,206,827	$ 1,171,017
Operating grants and contributions	73,693	75,560	6,296	6,343	79,989	81,903
Capital grants and contributions	64,858	31,092	22,050	37,317	86,908	68,409
General revenues:						
Ad valorem tax	854,136	791,420	-	-	854,136	791,420
Tax increment financing revenue	8,829	6,473	-	-	8,829	6,473
Sales tax	295,361	285,669	-	-	295,361	285,669
Franchise fees	144,205	140,184	-	-	144,205	140,184
Hotel occupancy tax	-	-	59,746	59,225	59,746	59,225
Alcohol beverage tax	-	-	12,624	12,058	12,624	12,058
Investment income	9,567	10,089	6,505	6,786	16,072	16,875
Other	13,792	16,771	24,332	699	38,124	17,470
Total revenues	1,730,424	1,626,792	1,072,397	1,023,911	2,802,821	2,650,703
Expenses:						
General government	312,279	339,671	-	-	312,279	339,671
Public safety	1,284,942	1,345,492	-	-	1,284,942	1,345,492
Code enforcement *	60,897	195,187	-	-	60,897	195,187
Environmental and health services	17,455	19,431	-	-	17,455	19,431
Streets, public works, and transportation *	222,444	88,141	-	-	222,444	88,141
Equipment and building services	46,620	50,829	-	-	46,620	50,829
Culture and recreation	201,716	222,921	-	-	201,716	222,921
Housing	23,696	32,694	-	-	23,696	32,694
Human services	25,703	26,789	-	-	25,703	26,789
Interest on long-term debt	70,676	80,890	-	-	70,676	80,890
Dallas water utilities	-	-	524,308	586,505	524,308	586,505
Convention center	-	-	105,864	105,869	105,864	105,869
Airport revenues	-	-	144,903	137,143	144,903	137,143
Sanitation	-	-	103,363	116,152	103,363	116,152
Municipal radio	-	-	2,290	3,009	2,290	3,009
Building inspection	-	-	38,338	45,988	38,338	45,988
Total expenses	2,266,428	2,402,045	919,066	994,666	3,185,494	3,396,711
Excess before transfers	(536,004)	(775,253)	153,331	29,245	(382,673)	(746,008)
Transfers	42,303	32,856	(42,303)	(32,856)	-	-
Increase (decrease) in net position	(493,701)	(742,397)	111,028	(3,611)	(382,673)	(746,008)
Net position (deficit) - beginning of year	(3,353,427)	(2,611,030)	3,208,414	3,212,025	(145,013)	600,995
Net position (deficit) - end of year	$ (3,847,128)	$ (3,353,427)	$ 3,319,442	$ 3,208,414	$ (527,686)	$ (145,013)

* In fiscal year 2016, streets and code enforcement were reported together.
In fiscal year 2017, streets were combined with public works and transportation and code enforcement was reported separately.

Governmental Activities

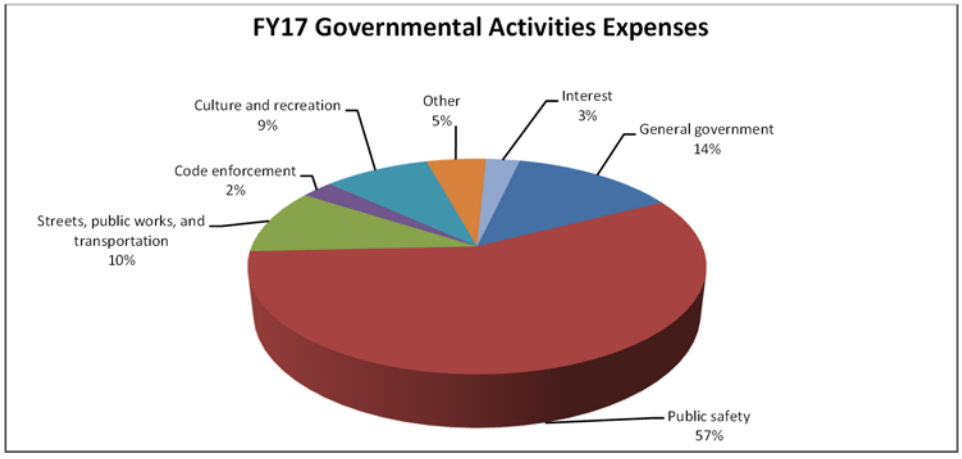
Governmental activities net position decreased $494 million in fiscal year 2017. Total revenues and transfers increased $113 million, or 7 percent from fiscal year 2016. Significant changes in revenue include the following:

- Ad valorem tax revenues increased $62.7 million due to an increase in the certified property tax values.
- Tax increment financing, intergovernmental revenue increased $2.4 million, primarily due to an increase in the certified property tax values.
- Sales tax revenue increased $9.7 million due to increased discretionary customer spending.
- Capital grants and contributions increased $34 million, due primarily to increases in federal, state and local capital grants for construction, as well as contributions of capital assets related to culture and recreation, public works and transportation, and from developers.
- The average rate of return on investments increased approximately 27 percent from 0.885 percent in fiscal year 2016 to 1.122 percent in fiscal year 2017. However, investment income decreased by $522 thousand, due to reductions in cash balances, mostly related to capital expenditures for construction projects.



Total governmental activities expenses decreased approximately $136 million, or 5.6 percent, from fiscal year 2016. The most significant portion of expenses related to governmental activities is the cost of personnel and related benefits.

- Environmental and health services expenses decreased $2 million, due mainly to staff reductions in the Women, Infants, and Children grant, as a result of reductions in clients served during fiscal year 2017.
- Culture and recreation expenses decreased $21 million due to a decrease in pension expenses.
- Housing expenses decreased $9 million due to reductions in grant funding for programs.
- Interest on long-term debt decreased $10 million, due to decreases in outstanding bonds. Additionally, the City did not issue any new bonds during fiscal year 2017, which resulted in lower issuance costs.



Business-type Activities

Business-type activities net position increased $111 million during fiscal year 2017. Total revenues increased $48 million from fiscal year 2016.

Significant changes in revenues include the following:

- During fiscal year 2017, Dallas Water Utilities customer charges increased $25 million from a 1.6 percent retail rate increase and a 7.2 percent wholesale rate increase. Other income increased $23 million, as a result of a legal settlement agreement with a water authority, which is fully described in Note 19 to the financial statements. These increases were offset by a $4 million decrease in capital contributions from developers.
- During fiscal year 2017, airport operating revenues increased $11 million, due to increased passenger traffic, which resulted in higher landing fees, rental fees, concession fees, and parking fees. This was offset by a $12 million decrease in capital contributions. In fiscal year 2016, the Airport Revenues Fund received a $12 million capital contribution from the Texas Department of Transportation for reconstruction of the runway and runway shoulders at Dallas Executive Airport. This contribution was not repeated in fiscal year 2017.
- Sanitation customer charges increased $4 million, mostly due an approximate increase of 6.9 percent in residential rates, offset by slight decreases in private disposal revenues and paper and cardboard recycling revenues.

Total business-type activities expenses decreased $76 million from fiscal year 2016. The following items contributed to changes in expenses during fiscal year 2017:

- Dallas Water Utilities personnel expenses decreased due mostly to a $51 million decrease in pension expense, offset by increases in salaries and benefits. Supplies and materials expense decreased $33 million, $24 million of which was a result of a legal settlement agreement with a water authority, which is fully described in Note 19 to the financial statements. The remainder of the decrease was primarily due to a reduction of $3 million in light and power expenses, a decrease of $3 million in chemicals, and a decrease of $2 million in supplies and repairs of wastewater mains.
- Airport personnel services decreased $3 million due to a decrease in pension expense of $6 million, offset by an increase in salaries and benefits of $3 million. Supplies and materials expense and contractual services expense increased $2 million and $4.1 million, respectively. Depreciation expense increased $2 million due to new capital assets and a full year of depreciation on projects completed the previous fiscal year. Interest expense increased $2.7 as a result of bonds issued to construct a planned parking garage.
- Sanitation operating expenses decreased $13 million due primarily to a decrease of $15.4 million in pension expense, offset by an increase in salaries and benefits.
- Personnel services in nonmajor enterprise funds (building inspections and municipal radio) decreased $8 million, due primarily to a decrease in pension expense.

The remainder of this page intentionally left blank.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2017, the City's governmental funds reported combined ending fund balance of $925 million, a decrease of $58 million in comparison with the prior fiscal year fund balance. The nonmajor capital projects fund balance decreased $109 million, due mainly to capital expenditures related to prior year bond issuance. This was offset by an increase in the general fund balance of $44 million that was primarily due to increases in ad valorem tax revenue and sales tax revenue. Approximately $172 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it is 1) nonspendable in form or required to be maintained intact; 2) restricted for a specific purpose by constitution, external resource providers, or through enabling legislation; 3) committed by a formal action of Council for a specific purpose; or 4) assigned and intended to be used by the government for a specific purpose for contracts and purchase orders of the prior period.

The general fund is the chief operating fund of the City. At the end of fiscal year 2017, unassigned fund balance of the general fund was $172 million while total fund balance was $235 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15 percent of total general fund expenditures and transfers out, while total fund balance represents 20 percent of that same amount.

The City's general fund balance increased $44 million during fiscal year 2017, primarily from increases in ad valorem revenue and sales tax revenue. Ad valorem tax revenue increased $44 million due to an increase in certified tax values. Sales tax revenue increased $10 million due to improvements in the economy. Revenue from services to others increased $17 million due mostly to an increase of $14 million from the Ambulance Supplemental Payment Program. Total expenditures increased $37 million, primarily as a result of overall increases in salaries, as well as increases in termination payments to retirees.

The debt service fund had a total fund balance of $13 million at September 30, 2017 restricted for the payment of debt service. The debt service fund balance increased during the current year by $1.5 million primarily due to higher than expected ad valorem tax revenues.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in Dallas Water Utilities and Sanitation at the end of the year amounted to deficit balances of $2 million and $115 million, respectively. The unrestricted net position in the Convention Center was $63 million and the Airport Revenues Fund was $21 million. The total change in net position was an increase of $123 million in Dallas Water Utilities, a decrease of $3 million in Convention Center, an increase of $1 million in the Airport Revenues Fund, and a decrease of $3 million in Sanitation. Factors regarding the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the final amended revenue budget included an increase in services to others of $8 million over the original budget. This was due primarily to increases in revenues related to the Ambulance Supplemental Payment Program. Final budgeted expenditures and interfund transfers out increased $10 million over the original expenditure budget. This was primarily due to increases in expenditures related to increases in mobility and street services of $13 million and increases in transfers-out of $2 million, offset mainly by decreases in non-departmental expenses of $6 million.

Actual budgetary basis revenues and transfers-in were lower by $2 million, or less than 1 percent from final budgeted amounts. The following actual revenues were unexpectedly lower than the final budgeted revenues: other tax and franchise revenues were lower by $1.4 million and interfund transfers-in were $5.5 million less than the final budgeted revenues, respectively. These lower amounts were offset by higher than expected sales tax revenues of $1.4 million, intergovernmental revenues of $700 thousand, and investment income of $2 million. Actual budgetary expenditures and transfers out were less than the final amended budget by $20 million. Significant decreases occurred in elections expenditures of $1 million, police department of $4.3 million, the 911 systems operations of $6.3 million, code compliance of $1 million, and interfund transfers out of $1.4 million. Additionally, most general fund departments experienced overall cost savings during fiscal year 2017.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2017, the City had approximately $10.6 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines (see table 3). This amount represents a net increase of $300 million or 3 percent over the prior fiscal year.

Table 3
Capital Assets
(Net of Accumulated Depreciation, in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	$ 494,617	$ 492,553	$ 322,570	$ 316,733	$ 817,187	$ 809,286
Artwork	49,867	49,501	3,396	3,396	53,263	52,897
Construction in progress	329,761	342,716	1,154,254	1,034,279	1,484,015	1,376,995
Water rights	-	-	233,458	236,995	233,458	236,995
Buildings	791,171	786,811	1,185,116	1,210,647	1,976,287	1,997,458
Improvements other than buildings	465,867	465,042	361,704	374,427	827,571	839,469
Equipment	181,811	170,624	222,647	223,560	404,458	394,184
Infrastructure assets	1,604,129	1,522,077	340,297	350,571	1,944,426	1,872,648
Utility property	-	-	2,856,887	2,717,407	2,856,887	2,717,407
Totals	$ 3,917,223	$ 3,829,324	$ 6,680,329	$ 6,468,015	$ 10,597,552	$ 10,297,339

Some of the major additions for fiscal year 2017 included (gross additions – in millions):

Street and transportation improvements	$ 84.7
Flood control/storm drainage improvements	18.2
Levee drainage system-Able Pump Station	16.4
Southern streetcar extension	6.4
Land acquistions	9.1
Equipment acquisitions	60.2
Water and wastewater facilities	231.5
Total	$ 426.5

The general purpose capital improvement program provides for improvements to, and/or construction of, the City's street system; parks and recreational facilities; libraries; police and fire protection facilities; cultural art facilities; the flood protection and storm drainage systems; other City-owned facilities; and economic initiatives. General obligation bonds are the primary financing mechanism for these capital improvements.

The capital improvement program for the enterprise funds consists primarily of improvements to, and/or construction of, water and wastewater systems, and air transportation facilities. The primary financing mechanism for these capital improvements are enterprise fund net revenues and issuance of debt such as commercial paper and revenue bonds.

More detailed information about the City's capital assets is presented in Note 8 to the financial statements.

Debt

At fiscal year-end, the City had $5.2 billion in bonds for both governmental and business-type activities, an obligation for revenue credit agreement (including accrued unpaid interest), and water transmission facilities financing agreement outstanding, as shown in Table 4.

Table 4
Outstanding Debt at Fiscal Year-end (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	$ 1,354,921	$ 1,484,515	$ 6,939	$ 7,905	$ 1,361,860	$ 1,492,420
Certificates of obligation	13,110	16,630	-	-	13,110	16,630
Pension obligation bonds	176,626	182,258	80,997	83,581	257,623	265,839
Revenue bonds	-	-	$ 2,682,386	2,501,921	2,682,386	2,501,921
Water transmission facilities financing agreement	-	-	445,954	455,820	445,954	455,820
Obligation for revenue credit agreement	-	-	431,765	439,105	431,765	439,105
Total	$ 1,544,657	$ 1,683,403	$ 3,648,041	$ 3,488,332	$ 5,192,698	$ 5,171,735

Bond proceeds for governmental activities will be used to pay costs of various equipment purchases, street systems, playgrounds, recreation facilities, library facilities, and other City infrastructure and facilities.

In August 2017, Dallas Water Utilities issued Waterworks and Sewer System Revenue Refunding Bonds Series 2017 of $171.5 million with a premium of $24.7 million and interest rates ranging from 4.00 percent to 5.00 percent. Final maturity will be October 1, 2047. The bonds were issued to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects.

The City's General Obligation, General Obligation Pension, Waterworks and Sewer System, General Airport Revenue, Civic Center Convention Complex, Dallas Convention Center Development Corp, and Downtown Dallas Development Authority bonds' underlying ratings as of September 30, 2017 are listed below.

	Moody's Investors Service	Standard & Poor's	Fitch
General Obligation Bonds	A1	AA-	AA
General Obligation Pension Bonds	A1	AA-	AA
Revenue Bonds:			
Waterworks and Sewer System	Aa1	AAA	AA+
General Airport Revenue	A1	A	A
Civic Center Convention Complex	A1	A	N/R
Dallas Convention Center Development Corporation	Baa1	A-	N/R
Downtown Dallas Development Authority	A2	A	N/R

During the fiscal year, Moody's downgraded the City's General Obligation debt, including the Pension Bonds, from Aa2 to A1, the Dallas Convention Center Hotel Development Corporation from A2 to Baa1, and the Downtown Dallas Development Authority from Aa2 to A2; Standard and Poor's downgraded the General Obligation debt, including Pension Bonds, from AA to AA-, and Dallas Convention Center Hotel Development Corp. from A to A-, and Fitch downgraded the General Obligation debt from AA+ to AA.

More information about the City's debt is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Dallas City Council has identified six strategic priorities – Public Safety; Mobility Solutions, Infrastructure, and Sustainability; Economic and Neighborhood Vitality; Human and Social Needs; Quality of Life; and Government Performance and Financial Management. Property value for the tax roll as of January 1, 2017 is $118.3 billion; which is a 7.18 percent increase from the 2016 tax roll. The adopted fiscal year 2017-18 tax rate of $0.7804 per $100 valuation is a $0.0021 reduction from the fiscal year 2016-17 adopted tax rate of $.7825. The fiscal year 2017-18 budget of $3.1 billion is balanced, utilizing various cost containment strategies, revenue enhancements, and operational efficiencies.

With the multitude of water challenges across Texas, the City will continue to focus on maintaining infrastructure, conserving resources, and providing for future needs through replacement of aged water and wastewater mains; improvements at water treatment plants to improve reliability and water quality as well as increase capacity; continued water conservation efforts; and the TRWD integrated pipeline project to connect Lake Palestine to Dallas' water supply system to meet future needs. In order to achieve these goals, it was necessary to implement a water rate increase of 1.6 percent for retail revenue and 7.2 percent for wholesale revenue.

The City of Dallas is experiencing areas of economic growth. The City's unemployment rate of 4.1 percent is below the national average of 4.5 percent. Property tax revenue is the single largest revenue source and accounts for 48.5 percent of General fund revenue. Fiscal year 2018 will mark the sixth consecutive year of growth in property value. As the second largest revenue source in General Fund, sales tax revenue is projected at $303.3 million for fiscal year 2017-18; which is a 3.8 percent increase from the fiscal year 2016-17 budget. The combined property tax and sales tax revenue in the General Fund budget is projected to increase $82 million from fiscal year 2017 to fiscal year 2018.

In fiscal year 2017-18 the City will focus on Service First. It makes significant investments in public safety, including increased wages for first responders, increased pension contributions, improvements to the 911 system, and enhanced ambulance service. The budget also funds important services that make a city attractive to long-time and new residents, business, and visitors, such as clean neighborhoods and parks, safe water, libraries, arts, and more.

The lower tax rate focuses on lower property taxes for disabled residents and seniors aged 65 and older who have a homestead exemption on property they live in and own. The exemption from City property taxes increased from $64 thousand to $90 thousand.

On November 7, 2017, Dallas voters overwhelmingly approved 10 bond propositions for public purposes totaling $1.05 billion. The propositions consist of individual projects to be funded and completed over a five-year period, beginning in FY 2017-18. The first year of the program includes 421 projects totaling $155.7 million in areas such as streets and alleys, parks and trails, public safety facilities, flood protection, and homeless assistance facilities. This approval was in addition to the remaining amount available from a $642 million bond program approved on November 6, 2012, which provided for improvements to and/or construction of the City's street system, parks and recreational facilities, libraries, police and fire protection facilities, cultural art facilities, flood protection and storm drainage system, other City-owned facilities, and various economic initiatives. General obligation bonds are the primary financing mechanism for these capital improvements.

The City's fiscal year 2018 capital budget also provides $286.6 million for water utilities capital improvements, $28.7 million for aviation facilities, and $11.5 million for convention and event services.

On November 8, 2016, City of Dallas voters approved changes to the Employees' Retirement Fund (ERF) for employees hired on or after January 1, 2017. The changes include a reduction in the benefit multiplier from 2.75 percent to 2.5 percent; an increase in the normal retirement age from 60 to 65; a reduced benefit for early retirees under age 65 whose age plus years of service equal 80; an increase in service retirement from 30 to 40 years; and elimination of the health benefit supplement. On May 9, 2017, the ERF board of trustees also voted to decrease the interest rate used for certain economic assumptions.

On May 31, 2017, Texas Governor Greg Abbott signed into law House Bill 3158, affecting the Dallas Police and Fire Pension System ("Pension System"). House Bill 3158 primarily amends 6243a-1, Texas Revised Statutes, including amendments to provisions concerning benefits, contributions, and governance, among other things. These changes took effect September 1, 2017.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances, and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the City Controller's Office, at City of Dallas, 1500 Marilla, Room 2BS, Dallas, Texas 75201.

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
September 30, 2017
(in thousands)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
Assets					
Cash and cash equivalents	$ 445,469	$ 387,878	$ 833,347	$ 19,148	$ 86,574
Other investments, at fair value	13,712	-	13,712	3,415	-
Receivables, net	245,007	123,807	368,814	1,307	5,446
Internal balances	(6,223)	6,223	-	-	-
Prepaid items	4,115	10,326	14,441	6	602
Inventories, at cost	14,261	15,389	29,650	-	651
Prepaid escrow	-	47,321	47,321	-	-
Other assets	4,349	123	4,472	705	24
Restricted assets:					
Cash and cash equivalents	581,544	408,800	990,344	7,980	27,074
Other investments, at fair value	-	123,401	123,401	-	37,052
Future pipeline reserve capacity rights	-	155,720	155,720	-	-
Customer assessments	-	673	673	-	-
Escrow deposit	-	-	-	-	-
Capital assets:					
Land	494,617	322,570	817,187	1,447	27,511
Artwork	49,867	3,396	53,263	-	-
Construction in progress	329,761	1,154,254	1,484,015	-	-
Water rights	-	353,910	353,910	-	-
Buildings	1,341,553	1,838,698	3,180,251	1,958	330,745
Improvements other than buildings	685,353	501,794	1,187,147	-	-
Equipment	702,368	730,830	1,433,198	98	42,302
Infrastructure assets	2,574,800	603,420	3,178,220	-	-
Utility property	-	3,995,288	3,995,288	-	-
Less accumulated depreciation	(2,261,096)	(2,823,831)	(5,084,927)	(362)	(68,591)
Total assets	5,219,457	7,959,990	13,179,447	35,702	489,390
Deferred outflows of resources					
Deferred loss on refunding	22,198	67,494	89,692	-	-
Deferred outflows of resources related to pensions	1,924,247	321,433	2,245,680	-	-
Total deferred outflows of resources	1,946,445	388,927	2,335,372	-	-
Liabilities					
Accrued payroll	22,187	2,027	24,214	-	1,460
Accounts payable	61,614	40,262	101,876	310	4,831
Due to other governments	5,073	514	5,587	-	-
Contracts payable	43,509	-	43,509	-	-
Other liabilities	9,896	1,377	11,273	322	275
Construction accounts payable	14,183	79,832	94,015	-	-
Accrued bond interest payable	15,480	58,862	74,342	181	15,470
Unearned revenue	47,999	9,687	57,686	-	4,103
Customer deposits	5,733	19,947	25,680	-	-
Customer construction advances	-	657	657	-	-
Noncurrent liabilities:					
Due within one year	320,896	139,748	460,644	2,715	8,615
Due in more than one year	9,172,129	4,351,653	13,523,782	93,135	474,261
Total liabilities	9,718,699	4,704,566	14,423,265	96,663	509,015
Deferred inflows of resources					
Deferred inflows of resources related to pensions	1,294,331	324,909	1,619,240	-	-
Other deferred inflows of resources	-	-	-	974	24
Total deferred inflows of resources	1,294,331	324,909	1,619,240	974	24
Net position					
Net investment in capital assets	2,746,024	3,009,285	5,755,309	3,141	(64,164)
Restricted for:					
Capital projects	7,817	-	7,817	-	-
Debt service	5,620	249,967	255,587	8,387	-
General government	55,944	-	55,944	-	-
Storm water operations	43,696	-	43,696	-	-
Public safety	10,822	-	10,822	-	-
Culture and recreation	26,556	-	26,556	-	-
Streets and transportation	12,352	-	12,352	-	-
Other purposes	7,538	-	7,538	-	-
Permanent funds - nonexpendable	9,958	-	9,958	-	-
Emergency repairs and replacements	-	5,000	5,000	-	-
Operation and maintenance expenses	-	58,430	58,430	-	-
Passenger facility charges	-	47,233	47,233	-	-
Unrestricted	(6,773,455)	(50,473)	(6,823,928)	(73,463)	44,515
Total net position	$ (3,847,128)	$ 3,319,442	$ (527,686)	$ (61,935)	$ (19,649)

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017
(in thousands)

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 312,279	$ 110,857	$ 17,610	$ 15,352
Public safety	1,284,942	116,033	7,557	429
Code enforcement	60,897	9,959	780	-
Environmental and health services	17,455	289	15,767	-
Streets, public works, and transportation	222,444	4,378	2,782	28,662
Equipment and building services	46,620	886	-	-
Culture and recreation	201,716	21,831	1,721	20,415
Housing	23,696	1,646	809	-
Human services	25,703	104	26,667	-
Interest on long-term debt	70,676	-	-	-
Total governmental activities	2,266,428	265,983	73,693	64,858
Business-Type activities:				
Dallas water utilities	524,308	632,469	-	11,815
Convention center	105,864	32,892	5,661	500
Airport revenues	144,903	133,677	635	9,735
Sanitation	103,363	106,618	-	-
Municipal radio	2,290	1,636	-	-
Building inspection	38,338	33,552	-	-
Total business-type activities	919,066	940,844	6,296	22,050
Total primary government	3,185,494	1,206,827	79,989	86,908
Component units:				
Governmental	22,310	1,608	-	-
Business-Type	115,659	108,231	-	-
Total component units	137,969	109,839	-	-

General revenues:
- Ad valorem tax
- Tax increment financing, intergovernmental revenue
- Sales taxes
- Franchise fees
- Hotel occupancy tax
- Alcohol beverage tax
- Investment income
- Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position					
Primary Government					
Governmental Activities	Business-Type Activities	Total	Component Units		
			Governmental	Business-Type	
$ (168,460)	$ -	$ (168,460)	$ -	$ -	
(1,160,923)	-	(1,160,923)	-	-	
(50,158)	-	(50,158)	-	-	
(1,399)	-	(1,399)	-	-	
(186,622)	-	(186,622)	-	-	
(45,734)	-	(45,734)	-	-	
(157,749)	-	(157,749)	-	-	
(21,241)	-	(21,241)	-	-	
1,068	-	1,068	-	-	
(70,676)	-	(70,676)	-	-	
(1,861,894)	-	(1,861,894)	-	-	
-	119,976	119,976	-	-	
-	(66,811)	(66,811)	-	-	
-	(856)	(856)	-	-	
-	3,255	3,255	-	-	
-	(654)	(654)	-	-	
-	(4,786)	(4,786)	-	-	
-	50,124	50,124	-	-	
(1,861,894)	50,124	(1,811,770)	-	-	
			(20,702)	-	
			-	(7,428)	
			(20,702)	(7,428)	
854,136	-	854,136	-	-	
8,829	-	8,829	20,379	-	
295,361	-	295,361	-	-	
144,205	-	144,205	-	-	
-	59,746	59,746	-	-	
-	12,624	12,624	-	-	
9,567	6,505	16,072	52	1,302	
13,792	24,332	38,124	727	18,141	
42,303	(42,303)	-	-	-	
1,368,193	60,904	1,429,097	21,158	19,443	
(493,701)	111,028	(382,673)	456	12,015	
(3,353,427)	3,208,414	(145,013)	(62,391)	(31,664)	
$ (3,847,128)	$ 3,319,442	$ (527,686)	$ (61,935)	$ (19,649)	

CITY OF DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and cash equivalents	$ 203,452	$ 12,137	$ 145,516	$ 361,105
Other investments, at fair value	-	-	13,712	13,712
Receivables:				
Ad valorem tax	27,739	11,738	-	39,477
Sales tax	49,739	-	-	49,739
Notes	199	-	68,155	68,354
Special assessments-paving notes	-	-	5,524	5,524
Accounts	137,321	-	29,056	166,377
Accrued interest	508	29	1,892	2,429
Allowance for uncollectible accounts	(73,016)	(10,097)	(40,770)	(123,883)
Due from other governments	337	-	35,033	35,370
Due from other funds	4,034	157	256	4,447
Prepaid items	-	-	4,086	4,086
Inventories, at cost	11,143	-	-	11,143
Restricted cash and cash equivalents	-	-	581,544	581,544
Notes receivable from other funds	-	-	4,161	4,161
Total assets	361,456	13,964	848,165	1,223,585
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accrued payroll	21,273	-	458	21,731
Accounts payable	35,339	-	12,349	47,688
Due to other funds	268	-	4,290	4,558
Unearned revenue	6,762	-	41,237	47,999
Due to other governments	2,947	-	2,126	5,073
Construction accounts payable	-	-	14,183	14,183
Notes payable to other funds	-	-	10,273	10,273
Customer deposits	5,567	-	166	5,733
Contracts payable	-	-	43,509	43,509
Other liabilities	5,104	-	1,614	6,718
Total liabilities	77,260	-	130,205	207,465
Deferred inflows of resources				
Unavailable revenue	49,032	1,342	40,640	91,014
Fund balances				
Nonspendable	11,143	-	14,044	25,187
Restricted	12,061	12,622	646,090	670,773
Committed	1,250	-	17,186	18,436
Assigned	38,963	-	-	38,963
Unassigned	171,747	-	-	171,747
Total fund balance	235,164	12,622	677,320	925,106
Total liabilities, deferred inflows, and fund balances	$ 361,456	$ 13,964	$ 848,165	$ 1,223,585

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2017
(in thousands)

Total fund balances - governmental funds		$ 925,106
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	492,921	
Artwork	49,867	
Construction in progress	329,632	
Infrastructure assets	2,572,978	
Buildings	1,337,118	
Improvements other than buildings	684,284	
Equipment	577,504	
Accumulated depreciation	(2,144,611)	
Total capital assets		3,899,693
Deferred outflows from refunding of debt represent a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		22,198
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		91,014
Internal service funds are used by management to charge the costs of certain activities, such as equipment services, communication equipment services, office services, information services, and insurance. The assets and deferred outflows and liabilities and deferred inflows of the internal service funds are included in the governmental activities in the statement of net position.		(115,656)
Some long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. Those liabilities consist of:		
Bonds payable, plus unamortized bond premium and accretion	1,859,529	
Capital leases	59,565	
Accrued interest on bonds and notes	15,480	
Developer payable	113,029	
Notes payable	58,677	
Compensated absences	112,044	
Sales tax refund	6,705	
Other postemployment benefits	200,468	
Pollution remediation	4,259	
Total long-term liabilities		(2,429,756)
Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and, therefore, are not reported in the funds. These amounts consist of:		
Net pension liability	6,872,335	
Deferred outflows of resources	(1,856,103)	
Deferred inflows of resources	1,223,495	
		(6,239,727)
Net position of governmental activities		$ (3,847,128)

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Ad valorem tax	$ 578,032	$ 229,697	$ 46,004	$ 853,733
Tax increment financing, intergovernmental	-	-	8,829	8,829
Sales tax	295,361	-	-	295,361
Franchise fees	138,998	-	5,207	144,205
Licenses and permits	5,242	-	-	5,242
Intergovernmental	9,720	-	85,299	95,019
Service to others	126,498	-	65,922	192,420
Fines and forfeitures	30,466	-	6,870	37,336
Investment income	2,655	437	6,232	9,324
Contributions and gifts	1	-	18,930	18,931
Confiscated money awards	-	-	2,810	2,810
Other revenues	5,888	1,395	7,615	14,898
Total revenues	1,192,861	231,529	253,718	1,678,108
Current expenditures:				
General government	121,278	-	118,864	240,142
Public safety	712,990	-	8,763	721,753
Code enforcement	40,021	-	488	40,509
Environmental and health services	-	-	16,597	16,597
Streets, public works, and transportation	83,206	-	29,718	112,924
Equipment and building services	24,778	-	633	25,411
Culture and recreation	136,984	-	10,114	147,098
Housing	14,075	-	-	14,075
Human services	-	-	25,284	25,284
Debt service:				
Principal	17,452	148,966	3,402	169,820
Interest and fiscal charges	1,521	87,307	950	89,778
Capital outlay	7,739	-	205,321	213,060
Total expenditures	1,160,044	236,273	420,134	1,816,451
Excess (deficiency) of revenues over (under) expenditures	32,817	(4,744)	(166,416)	(138,343)
Other financing sources (uses):				
Transfers in	27,545	6,278	30,536	64,359
Transfers out	(16,253)	-	(12,676)	(28,929)
Proceeds from sale of capital assets	24	-	318	342
Capital lease	-	-	25,050	25,050
Issuance of notes	-	-	19,147	19,147
Total other financing sources (uses)	11,316	6,278	62,375	79,969
Net change in fund balances	44,133	1,534	(104,041)	(58,374)
Fund balances, beginning of year	191,031	11,088	781,361	983,480
Fund balances, end of year	$ 235,164	$ 12,622	$ 677,320	$ 925,106

The notes to finanical statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017
(in thousands)

Net change in fund balances-total governmental funds			$ (58,374)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay	213,060		
Capital contributions	25,414		
Capital assets acquired through developer payable	10,459		
Depreciation expense	(119,233)		
Net adjustment			129,700
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.			
Proceeds from sale of capital assets	(342)		
Net loss on disposal of capital assets	(40,358)		
			(40,700)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in “unavailable” revenues.			8,252
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Debt issued:			
Commercial paper notes payable		(9,650)	
Notes payable		(9,497)	
Capital leases		(25,050)	
Repayments:			
Capital lease liability		24,602	
Sales tax refund liability		1,454	
Note principal payment		3,363	
Bond principal payments		138,746	
Commercial paper notes payment		10,220	
Net adjustment			134,188
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Decrease in accrued interest payable		334	
Amortization of premium, discount and refunding deferral		22,004	
Accretion on capital appreciation bonds		(3,475)	
Increase in other postemployment benefits		(6,460)	
Decrease in pollution remediation liability		64	
Decrease in compensated absences		1,809	
Increase in developer payable		(19,565)	
Total adjustment			(5,289)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance, compensated absences, and computer replacement, to individual funds. The change in net position for these funds is reported with the governmental activities.			(45,929)
Changes to net pension liabiity and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(615,549)
Change in net position of governmental activities			$ (493,701)

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NON-GAAP BUDGETARY BASIS
Year Ended September 30, 2017
(in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	$ 610,219	$ 610,219	$610,958	$ 739
Sales tax	292,188	292,185	293,610	1,425
Other tax and franchise revenues	140,251	140,251	138,817	(1,434)
Licenses and permits	4,891	4,891	5,475	584
Intergovernmental	8,501	8,501	9,238	737
Services to others	93,941	102,041	103,175	1,134
Fines and forfeitures	38,760	38,760	35,923	(2,837)
Investment income	1,315	1,315	3,263	1,948
Miscellaneous revenue	7,616	7,616	8,477	861
Total revenues	1,197,682	1,205,779	1,208,936	3,157
Expenditures:				
General government				
City attorney's office	16,159	16,659	16,306	353
City auditor's office	3,194	3,194	2,864	330
Office of financial services	2,957	2,957	2,833	124
Dallas central appraisal district	3,766	3,766	3,766	-
Dallas county tax collection	516	516	516	-
Non-departmental	66,131	60,029	59,235	794
Independent audit	865	865	865	-
City controller's office	4,682	5,441	5,040	401
City manager's office	1,966	2,468	2,455	13
Municipal court - Judiciary	3,295	3,295	3,295	-
Court and detention services	11,976	11,976	11,974	2
Jail contract-Lew Sterrett	7,813	7,813	7,813	-
Civil service	2,887	2,887	2,847	40
Sustainable development and construction	1,386	1,386	1,259	127
Office of economic development	2,575	2,575	2,559	16
Mayor and city council	4,465	4,515	4,494	21
Office of management services	10,235	10,725	10,080	645
Human resources	5,220	5,220	4,576	644
Business development and procurement services	3,041	3,041	3,036	5
Elections	1,401	2,980	1,923	1,057
City secretary's office	2,029	2,029	1,983	46
Total general government	156,559	154,337	149,719	4,618
Public safety			-	
Dallas police department	478,004	477,003	472,671	4,332
Dallas fire department	254,602	254,602	254,171	431
9-1-1 systems operations	16,389	16,389	10,071	6,318
Total public safety	748,995	747,994	736,913	11,081
Code enforcement				
Code compliance	42,386	42,386	41,346	1,040
Total code enforcement	42,386	42,386	41,346	1,040
Street, public works and transportation				
Mobility and street services	84,577	97,677	97,657	20
Street lighting	16,956	16,956	16,696	260
Total streets, public works and transportation	101,533	114,633	114,353	280

continued

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NON-GAAP BUDGETARY BASIS (continued)
Year Ended September 30, 2017
(in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
Trinity Watershed Management	$ 1,318	$ 1,318	$ 865	453
Building services	25,312	25,312	25,284	28
Culture and recreation				
Library	29,984	29,984	29,302	682
Office of cultural affairs	19,605	19,605	19,603	2
Park and recreation	94,673	94,730	94,694	36
Total culture and recreation	144,262	144,319	143,599	720
Housing/Community services	14,403	14,523	14,442	81
Planning and Neighborhood Vitality	3,029	3,029	2,805	224
Total expenditures	1,237,797	1,247,851	1,229,326	18,525
Excess (deficiency) of revenues over (under) expenditures	(40,115)	(42,072)	(20,390)	(15,368)
Other financing sources (uses):				
Interfund transfers in	48,047	50,125	44,636	(5,489)
Interfund transfers out	(7,932)	(8,053)	(6,612)	1,441
Total other financing sources (uses)	40,115	42,072	38,024	(4,048)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	17,634	(19,416)
Fund balances, beginning of year	175,772	175,772	175,772	-
Fund balances, end of year	$ 175,772	$ 175,772	$ 193,406	$ (19,416)

The notes to finanical statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017
(in thousands)

	Business-Type Activities Enterprise Funds						
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Assets							
Current assets:							
Pooled cash and cash equivalents	$ 175,234	$ 78,338	$ 48,690	$ 30,811	$ 54,805	$ 387,878	$ 84,364
Receivables:							
Accounts	79,887	3,903	12,046	20,803	585	117,224	1,524
Taxes	-	8,660	-	-	-	8,660	-
Accrued interest	1,266	277	282	89	140	2,054	96
Allowance for uncollectible accounts	(8,188)	(527)	(6)	(5,038)	(14)	(13,773)	-
Due from other governments		-	9,642	-	-	9,642	-
Due from other funds	268	-	-	-	-	268	-
Prepaid items	9,894	-	432	-	-	10,326	29
Inventories, at cost	13,082	798	1,300	209	-	15,389	3,118
Restricted assets:							
Customer assessments	629	-	44	-	-	673	-
Pooled cash and cash equivalents for current debt service	137,842	3,753	-	-	-	141,595	-
Cash and cash equivalents Held for construction purposes	42,829	3,532	-	-	-	46,361	-
Customer deposits:							
Pooled cash and cash equivalents	17,414	-	-	966	-	18,380	-
Other assets	123	-	-	-	-	123	4,349
Total current assets	470,280	98,734	72,430	47,840	55,516	744,800	93,480
Noncurrent assets:							
Capital Assets:							
Land	106,824	82,728	128,359	3,759	900	322,570	1,696
Artwork	-	-	3,396	-	-	3,396	-
Construction in progress	1,000,849	172	152,930	1	302	1,154,254	129
Water rights	353,910	-	-	-	-	353,910	-
Buildings	524,565	596,617	711,982	5,197	337	1,838,698	4,435
Improvements other than buildings	81,849	64,381	333,059	22,232	273	501,794	1,069
Infrastructure assets	579,873	12,648	4,896	6,003	-	603,420	1,822
Equipment	560,244	45,571	84,732	36,000	4,283	730,830	124,864
Utility property	3,995,288	-	-	-	-	3,995,288	-
Accumulated depreciation	(2,169,298)	(337,767)	(283,672)	(28,927)	(4,167)	(2,823,831)	(116,485)
Total capital assets	5,034,104	464,350	1,135,682	44,265	1,928	6,680,329	17,530
Other noncurrent assets:							
Restricted assets:							
Future pipeline reserve capacity rights	155,720	-	-	-	-	155,720	-
Held for construction purposes:							
Cash and cash equivalents	-	-	8,417	-	-	8,417	-
Other investment	-	-	81,112	-	-	81,112	-
Pooled cash and cash equivalents for future debt service	35,926	902	6,611	-	-	43,439	-
Pooled cash and cash equivalents for emergency repairs and replacements	-	-	5,000	-	-	5,000	-
Pooled cash and cash equivalents for operation and maintenance expenses	-	-	11,109	-	-	11,109	-
Pooled cash and cash equivalents for passenger facility charges	-	-	47,233	-	-	47,233	-
Other investments for future debt service at fair value	69,169	22,566	31,666	-	-	123,401	-
Cash and cash equivalents held by escrow agent	6,154	-	-	-	-	6,154	-
Notes receivable from other funds	6,112	-	-	-	-	6,112	-
Prepaid escrow	47,321	-	-	-	-	47,321	-
Total other noncurrent assets	320,402	23,468	191,148	-	-	535,018	-
Total noncurrent assets	5,354,506	487,818	1,326,830	44,265	1,928	7,215,347	17,530
Total assets	5,824,786	586,552	1,399,260	92,105	57,444	7,960,147	111,010
Deferred outflows of resources							
Deferred loss on refunding	63,597	3,795	16	55	31	67,494	-
Deferred outflows of resources related to pensions	191,284	10,563	22,945	59,520	37,121	321,433	68,144
Total deferred outflows of resources	$ 254,881	$ 14,358	$ 22,961	$ 59,575	$ 37,152	$ 388,927	$ 68,144

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)
September 30, 2017
(in thousands)

	Business-Type Activities Enterprise Funds						Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	
Liabilities							
Current liabilities:							
Accrued payroll	$ 1,135	$ 88	$ 189	$ 362	$ 253	$ 2,027	$ 456
Accounts payable	16,241	8,984	9,354	5,440	243	40,262	13,926
Compensated absences	5,633	406	867	1,469	1,158	9,533	2,204
Due to other governments	-	4	-	510	-	514	-
Due to other funds	-	-	-	157	-	157	-
Unearned revenue	-	-	1,800	815	7,072	9,687	-
Estimated unpaid health claims	-	-	-	-	-	-	7,817
Estimated unpaid claims - general	-	-	-	-	-	-	69,512
Workers' compensation	-	-	-	-	-	-	6,744
Accrued interest payable on notes	224	16	-	113	41	394	-
General obligation bonds	-	-	-	947	-	947	-
Pension obligation bonds	1,678	120	157	549	306	2,810	-
Pollution remediation	-	37	189	-	-	226	-
Notes payable	-	-	-	-	-	-	-
Obligation for revenue credit agreement	-	-	7,710	-	-	7,710	-
Landfill closure/postclosure	-	-	-	266	-	266	-
Capital leases	-	-	1,095	4,802	-	5,897	-
Other liabilities	-	-	-	-	1,377	1,377	3,178
Total current liabilities	24,911	9,655	21,361	15,430	10,450	81,807	103,837
Current liabilities (payable from restricted assets):							
Construction accounts payable	65,051	76	14,705	-	-	79,832	-
Accrued interest payable on bonds	42,535	1,904	14,029	-	-	58,468	-
Water transmission facilities financing agreement	9,254	-	-	-	-	9,254	-
Revenue bonds	94,855	8,250	-	-	-	103,105	-
Total current liabilities (payable from restricted assets)	211,695	10,230	28,734	-	-	250,659	-
Total current liabilities	236,606	19,885	50,095	15,430	10,450	332,466	103,837
Noncurrent liabilities:							
Commercial paper notes payable	18,500	-	-	-	-	18,500	-
Revenue bonds	2,262,097	286,066	249,402	-	-	2,797,565	-
Obligation for revenue credit agreement	-	-	419,497	-	-	419,497	-
Accreted interest on pension obligation bonds	29,008	2,070	2,719	9,484	5,282	48,563	-
General obligation bonds	-	-	-	6,360	-	6,360	-
Pension obligation bonds	67,635	4,814	6,337	22,110	12,323	113,219	-
Water transmission facilities financing agreement	436,700	-	-	-	-	436,700	-
Capital leases	-	-	71,770	12,825	-	84,595	-
Total long-term debt	2,813,940	292,950	749,725	50,779	17,605	3,924,999	-
Other long-term liabilities:							
Estimated unpaid claims - general	-	-	-	-	-	-	10,242
Other postemployment benefits	30,327	2,339	5,058	10,264	5,543	53,531	10,241
Net pension liability	196,236	9,032	21,469	59,917	35,820	322,474	67,548
Workers' compensation	-	-	-	-	-	-	29,742
Customer deposits	17,414	1,567	-	966	-	19,947	-
Customer construction advances	657	-	-	-	-	657	-
Pollution remediation	-	22	456	-	-	478	-
Landfill closure/postclosure	-	-	-	39,950	-	39,950	-
Compensated absences	6,040	436	929	1,575	1,241	10,221	2,364
Total other long-term liabilities	250,674	13,396	27,912	112,672	42,604	447,258	120,137
Total noncurrent liabilities	3,064,614	306,346	777,637	163,451	60,209	4,372,257	120,137
Total liabilities	3,301,220	326,231	827,732	178,881	70,659	4,704,723	223,974
Deferred inflows of resources							
Deferred inflows of resources related to pensions	186,626	13,130	25,206	61,018	38,929	324,909	70,836
Net Position							
Net investment in capital assets	2,346,196	173,491	461,032	26,638	1,928	3,009,285	17,530
Restricted:							
Debt service	200,402	25,317	24,248	-	-	249,967	-
Emergency repairs and replacements	-	-	5,000	-	-	5,000	-
Operation and maintenance expenses	47,321	-	11,109	-	-	58,430	-
Passenger facility charges	-	-	47,233	-	-	47,233	-
Unrestricted	(2,098)	62,741	20,661	(114,857)	(16,920)	(50,473)	(133,186)
Total net position	$ 2,591,821	$ 261,549	$ 569,283	$ (88,219)	$ (14,992)	$ 3,319,442	$ (115,656)

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Business-Type Activities Enterprise Funds						
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	Governmental Activities-Internal Service Funds
Operating revenues:							
Customer charges	$ 632,469	$ 32,892	$ 105,573	$ 106,618	$ 35,188	$ 912,740	$ -
Charges to other City departments	-	-	-	-	-	-	237,931
Charges to employees/retirees	-	-	-	-	-	-	57,822
Intergovernmental	-	5,661	635	-	-	6,296	-
Other revenues	-	30	481	86	531	1,128	852
Total operating revenues	632,469	38,583	106,689	106,704	35,719	920,164	296,605
Operating expenses:							
Personnel services	131,954	11,111	22,477	46,904	30,264	242,710	64,372
Supplies and materials	73,128	4,022	8,859	6,989	679	93,677	27,093
Contractual and other services	120,149	55,990	49,689	43,126	8,649	277,603	246,405
Depreciation	116,375	18,265	31,788	4,282	101	170,811	3,627
Total operating expenses	441,606	89,388	112,813	101,301	39,693	784,801	341,497
Operating income (loss)	190,863	(50,805)	(6,124)	5,403	(3,974)	135,363	(44,892)
Nonoperating revenues (expenses):							
Investment income	3,296	562	1,979	267	401	6,505	243
Alcohol beverage tax	-	12,624	-	-	-	12,624	-
Hotel occupancy tax	-	59,746	-	-	-	59,746	-
Passenger facility charges	-	-	28,104	-	-	28,104	-
Interest on bonds and notes	(63,479)	(16,476)	(32,090)	(2,062)	(935)	(115,042)	-
Net gain (loss) on property disposals	(19,223)	-	-	-	-	(19,223)	412
Total nonoperating revenues (expenses)	(79,406)	56,456	(2,007)	(1,795)	(534)	(27,286)	655
Income (loss) before contributions and transfers	111,457	5,651	(8,131)	3,608	(4,508)	108,077	(44,237)
Capital contributions	11,815	500	9,735	-	-	22,050	-
Transfers in	603	-	-	7,584	-	8,187	6,052
Transfers out	(24,068)	(9,214)	(444)	(14,076)	(2,688)	(50,490)	(7,744)
Other income	23,204	-	-	-	-	23,204	-
	11,554	(8,714)	9,291	(6,492)	(2,688)	2,951	(1,692)
Change in net position	123,011	(3,063)	1,160	(2,884)	(7,196)	111,028	(45,929)
Net position, beginning of year	2,468,810	264,612	568,123	(85,335)	(7,796)	3,208,414	(69,727)
Net position, end of year	$ 2,591,821	$ 261,549	$ 569,283	$ (88,219)	$ (14,992)	$ 3,319,442	$ (115,656)

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Business-Type Activities Enterprise Funds			
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation
Cash flows from operating activities:				
Cash received from customers	$ 627,100	$ 37,752	$ 100,912	$ 101,127
Cash payments to suppliers for goods and services	(99,220)	(2,620)	(8,037)	(6,436)
Cash payments to employees for services	(91,019)	(8,003)	(16,139)	(33,488)
Cash payments for contractual services	(120,669)	(55,995)	(49,499)	(46,485)
Other operating cash receipts	-	30	481	86
Net cash provided by (used in) operating activities	316,192	(28,836)	27,718	14,804
Cash flows from non-capital financing activities:				
Taxes	-	71,967	-	-
Principal paid on pension obligation bonds	(1,545)	(110)	(145)	(504)
Interest paid on pension obligation bonds	(4,695)	(341)	(447)	(1,561)
Transfers from other funds	742	-	-	7,584
Transfers to other funds	(24,068)	(9,214)	(444)	(14,076)
Net cash provided by (used in) non-capital financing activities	(29,566)	62,302	(1,036)	(8,557)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(272,713)	(3,539)	(96,610)	(10,563)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from obligation for revenue bonds	196,267	-	130,472	-
Proceeds from notes payable and other obligations	-	-	-	20,788
Principal paid on revenue bonds	(100,980)	(6,902)	-	-
Principal paid on notes payable and other obligations	-	-	(8,640)	(4,250)
Interest paid on bonds, notes, and other obligations	(63,024)	(15,622)	(31,881)	(407)
Proceeds from sale of commercial paper notes	165,670	-	-	-
Retirement of commercial paper notes	(195,492)	-	-	-
Passenger facility charges	-	-	20,291	-
Capital contribution income	-	500	-	-
Net cash provided by (used in) capital and related financing activities	(270,272)	(25,563)	13,632	5,568
Cash flows from investing activities:				
Purchase of investments	(9,992)	-	(195,269)	-
Maturity of investments	30,000	-	150,088	-
Investment income	3,442	823	1,866	212
Net cash provided by (used in) investing activities	23,450	823	(43,315)	212
Net increase (decrease) in cash and cash equivalents	39,804	8,726	(3,001)	12,027
Cash and cash equivalents, beginning of year	375,595	77,799	130,061	19,750
Cash and cash equivalents, end of year	$ 415,399	$ 86,525	$ 127,060	$ 31,777

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ 36,159	$ 903,050	$ 294,325
(797)	(117,110)	(24,595)
(21,627)	(170,276)	(49,795)
(8,447)	(281,095)	(184,537)
531	1,128	852
5,819	335,697	36,250
-	71,967	-
(389)	(2,693)	-
(785)	(7,829)	-
-	8,326	6,052
(2,688)	(50,490)	(7,744)
(3,862)	19,281	(1,692)
(63)	(383,488)	(2,526)
13	13	412
-	326,739	-
-	20,788	-
-	(107,882)	-
-	(12,890)	-
-	(110,934)	-
-	165,670	-
-	(195,492)	-
-	20,291	-
-	500	-
(50)	(276,685)	(2,114)
-	(205,261)	-
-	180,088	-
333	6,676	202
333	(18,497)	202
2,240	59,796	32,646
52,565	655,770	51,718
$ 54,805	$ 715,566	$ 84,364

continued

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Year Ended September 30, 2017
(in thousands)

	Business-Type Activities Enterprise Funds			
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 190,863	$ (50,805)	$ (6,124)	$ 5,403
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	116,375	18,265	31,788	4,282
Change in assets and liabilities				
(Increase) Decrease in accounts and other receivables	(6,254)	(692)	(5,945)	(6,252)
(Increase) Decrease in customer assessments receivable	(4)	-	(17)	-
(Increase) Decrease in inventories	513	(217)	341	48
(Increase) Decrease in other assets	-	-	-	-
(Increase) Decrease in prepaid escrow	(24,117)	-	-	-
(Increase) Decrease in due from other governments	-	(5)	-	44
(Increase) Decrease in due from other funds	-	-	-	-
(Increase) Decrease in deferred outflows for pension contributions	90,125	6,275	11,966	29,457
Increase (Decrease) in accounts payable	(2,488)	1,619	481	505
Increase (Decrease) in accrued payroll	34	3	33	(13)
Increase (Decrease) in due to other funds	-	-	-	(7,688)
Increase (Decrease) in compensated absences	354	69	326	91
Increase (Decrease) in allowance for uncollectibles	(56)	(20)	(1)	286
Increase (Decrease) in unearned revenue	-	(41)	667	229
Increase (Decrease) in customer deposits	945	(48)	-	246
Increase (Decrease) in other post employment benefits	1,874	401	985	714
Increase (Decrease) in customer construction advances	(520)	-	-	-
Increase (Decrease) in estimated unpaid health claims	-	-	-	-
Increase (Decrease) in estimated unpaid claims - general	-	-	-	-
Increase (Decrease) in workers' compensation	-	-	-	-
Increase (Decrease) in landfill liability	-	-	-	4,285
Increase (Decrease) in net pension liability	(231,763)	(16,397)	(31,403)	(75,825)
Increase (Decrease) in other liabilities	-	-	190	-
Increase (Decrease) in deferred inflows for pension contributions	180,311	12,757	24,431	58,992
Total adjustments	125,329	21,969	33,842	9,401
Net cash provided by (used in) operating activities	316,192	(28,836)	27,718	14,804
Current Assets:				
Pooled cash and cash equivalents	$ 175,234	$ 78,338	$ 48,690	$ 30,811
Pooled cash and cash equivalents for current debt service	137,842	3,753	-	-
Held for construction purposes	42,829	3,532	-	-
Customer Deposits pooled cash and cash equivalents	17,414	-	-	966
Non-current Assets:				
Cash and cash equivalents				
Held by escrow agent	6,154	-	-	-
Held for construction purposes	-	-	8,417	-
For future debt service	35,926	902	6,611	-
For emergency repairs and replacements	-	-	5,000	-
For operation and maintenance expenses	-	-	11,109	-
For passenger facility charges	-	-	47,233	-
Total cash and cash equivalents end of year	$ 415,399	$ 86,525	$ 127,060	$ 31,777
Noncash investing, capital, and financing activities:				
Capital contributions	$ 11,815	$ -	$ 9,735	$ -
Prepaid escrow	23,204	-	-	-
Inception of capital lease	-	-	-	-
Change in fair value of non-pooled investments	(777)	-	-	-
Premium/discount amortization	8,005	496	2,361	343
Accretion on capital appreciation bonds	3,965	283	372	1,296
Amortization of deferred gain/loss on refunding	8,512	984	3	10

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ (3,974)	$ 135,363	$ (44,892)
101	170,811	3,627
		-
(110)	(19,253)	(1,428)
-	(21)	-
-	685	(14)
-	-	(2,304)
-	-	-
-	39	-
-	-	-
18,744	156,567	34,133
(118)	(1)	2,512
28	85	37
-	(7,688)	-
25	865	333
-	209	-
1,081	1,936	-
-	1,143	-
600	4,574	1,006
-	(520)	-
-	-	(2,449)
-	-	62,389
-	-	1,070
-	4,285	-
(48,469)	(403,857)	(88,083)
202	392	1,783
37,709	314,200	68,530
9,793	224,451	81,142
5,819	359,814	36,250
$ 54,805	$ 387,878	$ 84,364
-	141,595	-
-	46,361	-
-	18,380	-
-	6,154	-
-	8,417	-
-	43,439	-
-	5,000	-
-	11,109	-
-	47,233	-
$ 54,805	$ 715,566	$ 84,364
$ -	$ 21,550	-
-	-	-
-	-	-
-	(777)	-
123	11,328	-
723	6,639	-
6	9,515	-

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2017
(in thousands)

	Agency Funds	Pension Trust Funds (1)
Assets		
Pooled cash and cash equivalents	$ 4,161	$ -
Cash and cash equivalents	-	450,324
Invested securities lending collateral	-	324,813
Receivables:		
Accounts	32	416,623
Accrued interest	11	15,021
Short-term investments	-	7,153
Equity securities	-	154,659
Domestic equities	-	1,255,384
U.S. and foreign government fixed income securities	-	484,656
Domestic corporate fixed income	-	658,962
International equities and fixed income	-	476,225
Commingled index funds	-	219,247
Real assets	-	1,128,965
Private equities and venture capital funds	-	664,486
Atlernative investments	-	134,898
Forward currency contracts	-	(286)
Prepaid expenses	-	460
Other assets	307	-
Capital assets, net	-	12,041
Total assets	4,511	6,403,631
Liabilities		
Accounts payable	1,391	14,004
Payable for securities purchased	-	28,667
Securities lending obligation	-	324,813
Other liabilities	3,120	515,772
Total liabilities	4,511	883,256
Net Position		
Net investment in capital assets	-	12,041
Restricted for pensions	-	5,508,334
Total net position	$ -	$ 5,520,375

(1) Information presented for the pension trust funds is as of December 31, 2016.

CITY OF DALLAS, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Pension Trust Funds (1)
Additions:	
Contributions:	
Employer	$ 178,539
Employee	78,989
Total contributions	257,528
Net investment income:	
Interest and dividends	153,118
Net appreciation in fair value of investments	332,969
Securities lending income	2,409
Less investment expenses:	
Investment management fees	(26,712)
Custody fees	(187)
Consultant fees	(343)
Securities lending management fees	(609)
Total investment expenses	(27,851)
Net investment gain	460,645
Other income	538
Total increases	718,711
Deductions:	
Benefit payments	1,071,425
Refund of contributions	9,218
Interest expense	4,569
Administrative expenses	14,913
Total deductions	1,100,125
Change in net position	(381,414)
Net position	
Beginning of year	5,901,789
End of year	$ 5,520,375

(1) Information presented for the pension trust funds is for the year ended December 31, 2016.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2017

INDEX PAGE

Note 1.	-	Summary of Significant Accounting Policies	33
Note 2.	-	Stewardship, Compliance, and Accountability	44
Note 3.	-	Joint Ventures	48
Note 4.	-	Tax Abatements	49
Note 5.	-	Cash, Deposits, and Investments	51
Note 6.	-	Receivables	65
Note 7.	-	Restricted Assets	66
Note 8.	-	Capital Assets	66
Note 9.	-	Interfund Receivables, Payables, and Transfers	68
Note 10.	-	Accounts Payable and Accrued Expenses	69
Note 11.	-	Long-term Debt	70
Note 12.	-	Leases	84
Note 13.	-	Defeasance of Debt	86
Note 14.	-	Risk Management – Estimated Claims and Judgments Payable	86
Note 15.	-	Accrued Landfill Liability	87
Note 16.	-	Pollution Remediation	88
Note 17.	-	Pension Plans	89
Note 18.	-	Commitments and Contingencies	98
Note 19.	-	Dallas Water Utilities Escrow Deposit	99
Note 20.	-	Other Postemployment Benefits	99
Note 21.	-	Subsequent Events	101

Note 1. Summary of Significant Accounting Policies

A. General

The City of Dallas, Texas ("the City") is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the city and its inhabitants.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Unless otherwise indicated, amounts are presented in thousands (000's). The more significant accounting and reporting policies and practices used by the City are described below.

B. Reporting Entity

The accompanying basic financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's basic financial statements include whether:

- the organization is legally separate (can sue and be sued in their own name);
- the City appoints a voting majority of the organization's board;
- the City is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the City; and
- there is fiscal dependency by the organization on the City.

The City's municipal services, which include public safety (police and fire), environmental and health services, code enforcement, streets, public works, and transportation, equipment and building, culture and recreation, housing and human services, and general administrative services, are included in the accompanying basic financial statements.

In addition, the City owns and operates certain enterprise funds including water utilities, convention services, airport, sanitation, and other enterprise activities that are also included in the accompanying basic financial statements.

Blended Component Units

Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. Thus, blended component units are appropriately presented as funds of the primary government. The information reported for the pension trust funds is as of December 31, 2016 and the Love Field Airport Modernization Corporation (LFAMC) is as of September 30, 2017.

- Pension Trust Funds – The Pension Trust Funds have a December 31 year-end. The primary functions of the pension entities are investment and benefit management activities. Each board has contracted with various investment managers and banks for management of the portfolios of the plans. The City contributes on behalf of its employees to three defined benefit pension plans administered by two legally separate entities: the Employees' Retirement Fund of the City of Dallas, at 1920 McKinney Avenue, 10th Floor, Dallas, TX 75201; and Dallas Police and Fire Pension System, at 4100 Harry Hines Boulevard, Ste. 100, Dallas, TX 75219. Complete financial statements of each plan may be obtained at the administrative offices.
- Love Field Airport Modernization Corporation (LFAMC) – The City created the LFAMC, a Texas nonprofit local government corporation organized under Subchapter D of Chapter 431 of the Texas Transportation Code. The Corporation was formed to serve as a conduit financing entity for the purpose of issuing bonds to promote the development of the geographic area of the city included at or in the vicinity of Love Field Airport to promote, develop, and maintain the employment, commerce, aviation activity, tourism, and economic development in the city.

Note 1. Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units – The following legally separate entities are reported as discretely presented component units of the City because the City appoints a voting majority of the boards, approves budgets, and maintains the ability to impose its will on the entities. The discretely presented component units of the governmental activities and the business-type activities are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government. The information reported for the Dallas Convention Center Hotel Development Corporation and the Housing Finance Corporation is as of December 31, 2016, and all others are as of September 30, 2017.

- Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage opportunities for single-family residential home ownership among low to moderate-income citizens.
- Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities for low and moderate-income persons.
- Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.
- Downtown Dallas Development Authority – The primary function of the Downtown Dallas Development Authority (DDDA) is to increase the property tax base in the downtown area of the city. The DDDA operates in a manner similar to other tax increment financing zones of the City, but has a separate board. Its primary purpose is to issue revenue bonds to finance major improvements by developers.
- North Oak Cliff Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, the public welfare in the District, and educational scholarships for college-bound students residing in or out of the District.
- Cypress Waters Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, and the public welfare in the District.
- Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the city included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the city, including specifically, without limitation, the development and financing of a convention center hotel which is located within 1,000 feet of the Dallas Convention Center.

Entity financial statements are available for all of the above entities by contacting the City Controller's Office, 1500 Marilla, Room 2BS, Dallas, TX 75201.

Related Organizations

City officials are also responsible for appointing members to the boards of the following organizations, but the City's accountability for the organization does not extend beyond making appointment.

The Dallas/Fort Worth International Airport (DFW Airport) is jointly governed by the cities of Dallas and Fort Worth. The Cities approve the Airport's annual budget and all bond sales, but have no responsibility for the DFW Airport's debt service requirements. DFW Airport is governed by a 12-member board (Board) comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member from the neighboring cities of Irving, Grapevine, Euless and Coppell. Members of the Board are appointed by the respective city councils. The Board is a semi-autonomous body charged with governing the DFW Airport and may enter into contracts without approval of the city councils.

The Dallas Housing Authority (Authority) is an independent organization, which has a scope of public service within the geographic boundaries of the city. Under Texas State Statutes, the responsibility for the administration and operations of the Authority is vested solely with the Authority's Board of Commissioners. The Authority is dependent on Federal funds from the Department of Housing and Urban Development and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits incurred and has no fiscal management control. The governing body of the Authority is its Board of Commissioners, composed of five members appointed by the Mayor of the City of Dallas. The Authority is not considered a component unit of the City, as defined by GASB since the City is not financially accountable for the operations of the Authority, has no responsibility to fund deficits or receive surpluses, and has not guaranteed the Authority's debt.

Note 1. Summary of Significant Accounting Policies (continued)

The Dallas Area Rapid Transit (DART) is a regional transportation authority under Chapter 452 of the Texas Transportation Code and is controlled by a 15-member board. The Dallas City Council appoints seven members and participating suburban city councils appoint eight board members. Its purpose is to provide transportation services in the DART service area. The voters in the DART service area approved a one percent sales tax to fund the authority annually. DART is not fiscally dependent on the City.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government and its non-fiduciary component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment.

Taxes and other items are reported as general revenues, rather than as program revenues.

Separate fund level financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The fiduciary fund financial statements have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows; however, agency funds report only assets and liabilities and have no measurement focus.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues received within 60 days of year-end to be available, in accordance with the City's accounting policy, except as noted in the paragraph below.

Revenues susceptible to accrual include ad valorem taxes, sales tax, ambulance fees, parking fines, franchise fees, and interest. In applying the susceptible to accrual concept to Federal and State grants, revenues are recognized when applicable eligibility requirements, including time requirements, are met. The grant revenues and developer and intergovernmental contributions availability period is considered to be one year. All other revenue items are considered to be measurable and available only when the City receives the cash as the resulting net receivables are deemed immaterial, such as court fines and fees.

Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, rebatable arbitrage, claims and judgments, other postemployment benefits, and pollution remediation are recorded only when matured and payment is due.

Note 1. Summary of Significant Accounting Policies (continued)

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

The City reports the following non-major governmental funds:

The Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Permanent Funds are used to account for private endowments whereby interest earnings are restricted in accordance with the endowment terms.

Proprietary Funds and Pension Trust Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income, change in net position, financial position, and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position.

The City reports the following major proprietary funds:

The Dallas Water Utilities Fund accounts for water and wastewater services for Dallas, area customer cities, and governmental entities. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Convention Center Fund accounts for convention and event services for the Dallas Convention Center. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Airport Revenues Fund accounts for the Dallas Airports System, which includes airport services and administration of Dallas Love Field, Executive Airport, and the Heliport. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service. DFW airport activity is not included in the financial statements.

The Sanitation Fund accounts for solid waste collection and disposal services for residential and commercial customers in Dallas. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The City reports the following non-major proprietary funds:

The non-major proprietary funds consist of Enterprise Funds, which are used to account for operations, other than the major proprietary funds listed above, and are operated in a manner similar to private business enterprises. Non-major Enterprise Funds include the operation of the municipal radio station and building inspections.

Additionally, the City reports the following funds:

The Internal Service Funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments are vehicles, vehicle maintenance, fuel and lubrication, communication services, data processing and programming services, office supplies, printing, copying and mailing services, and risk financing, including insurance-related activities.

Note 1. Summary of Significant Accounting Policies (continued)

The Pension Trust Fund accounts for the activities of the Employees' Retirement System, Police and Fire Pension System, and Supplemental Police and Fire Pension Plan. The three contributory defined benefit plans are used to accumulate resources for pension benefits payments to qualified employees.

The Agency Funds are used to account for assets held by the City, as an agent for individuals (cash escrow, confiscated money, employee war and savings bond fund, and deferred compensation fund), and other funds for assets held by the City, in a trustee capacity (tax distribution, employee benefits, and the Dallas Tourism Public Improvement District deposit account).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes (PILOT) and other charges between the Dallas Water Utilities Fund and various other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

Operating revenues of the City's enterprise funds are charges to customers for sales and services, charges to other City departments, services to others, intergovernmental revenue, and other revenues. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in pooled cash as well as short-term investments with the exception of the Pension Trust Funds (which consider short-term investments as regular investments). Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.

Investments in U.S. government obligations are recorded at fair value based on observable inputs; investments in money market mutual funds, local government investment pools and hedge funds are recorded at available measure under GASB 79. Other investments, except hedge funds, held in trusts for various permanent funds are recorded at fair value based on quoted market prices. Pension investments are recorded at fair value based on quoted market values, when available. The amounts recorded in the Pension Trust Funds for real estate funds and venture capital funds represent estimated fair values based upon appraised values or other comparable methods. The Commingled Index Funds estimated fair values are based upon audited financial statements.

F. Property Taxes

The City's property tax is levied each October 1 on the assessed value as of the previous January 1 for all real and income-producing (or business personal) property. Appraised values are established by the Dallas, Denton, Collin, and Rockwall Central Appraisal Districts equal to 100 percent of appraised market value as required under the State Property Tax Code. The value of real property within the Appraisal District must be reviewed every three years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. The City establishes tax rates on property within its jurisdiction. If the adopted tax rate, excluding tax rates for bonds and other contractual obligations, exceeds the effective tax rate by more than eight percent, qualified voters of the city may petition for an election to determine whether to limit the tax rate increase to no more than eight percent above the effective tax rate. Property taxes attach as an enforceable lien on property as of January 1 of the subsequent year.

Taxes are due October 1. Full payment can be made prior to the following January 31 to avoid penalty and interest charges. Current tax collections for the year ended September 30, 2017 were 98.43 percent of the tax levy. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per one hundred dollars of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for fiscal year 2017 was $0.7825 per $100 dollars of assessed valuation, $0.5601 for general governmental services and $0.2224 for the payment of principal and interest on general obligation long-term debt.

Note 1. Summary of Significant Accounting Policies (continued)

G. Federal and State Grants and Entitlements

Grants and entitlements received for purposes normally financed through the general government are accounted for within the Special Revenue Funds. Grants and similar items are recognized as revenue as soon as all applicable eligibility requirements, excluding time requirements, have been met. Amounts received before time requirements are met, but after all other eligibility requirements have been met are reported as a deferred inflow of resources. Amounts received before eligibility requirements have been met are reported as unearned revenue.

H. Inventories

Inventory is valued at average cost. Inventory for all funds generally consists of expendable supplies held for consumption and are recorded as expenditures (or expenses) when consumed.

I. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond September 30, 2017. Prepaid items are recorded using the consumption method.

J. Restricted Assets

Proceeds of Enterprise Fund revenue bonds, commercial paper notes, and other financing arrangements, as well as resources set aside for revenue bond repayment, are classified as restricted assets on the statement of net position when their use is limited by applicable covenants. The Capital Project Funds record proceeds of debt issuances restricted for construction. The current Debt Service Funds are used to segregate resources accumulated for debt service payments over the next 12 months.

The assets restricted for revenue bond future debt service are used to report resources set aside to fulfill revenue bond debt reserve requirements. Other restricted assets include funds restricted for construction from revenue bond proceeds, contractual obligation debt service funds, unspent grant proceeds, escrow deposits, and customer deposits. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (examples include streets and bridges), are reported in the applicable governmental or business-type activities columns, in both the government-wide and proprietary fund level statement of net position. Generally, equipment with an individual cost of at least $5 thousand, infrastructure with a cost of at least $25 thousand, and buildings with a cost of at least $50 thousand and an estimated useful life of more than one year, are capitalized. Purchased or constructed capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Assets acquired by donation are recorded at acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital asset additions and improvements are capitalized as projects are constructed.

The business-type activities and proprietary funds capitalized interest costs during construction. Interest capitalized in the Dallas Water Utilities and Aviation Revenues Funds during the year ended September 30, 2017 was $39.2 million and $3 million, respectively.

Depreciation, which includes amortization of assets under capital leases, is computed using the straight-line method over the estimated useful or service lives of the related assets beginning on the date of acquisition or the date placed in service.

Note 1. Summary of Significant Accounting Policies (continued)

The estimated useful lives of the primary government's capital assets are as follows:

	Useful Life	
	Governmental Activities	Business-type Activities
Infrastructure	10-50 years	50-100 years
Reservoirs and water rights	N/A	100 years
Buildings	10-50 years	10-50 years
Improvements other than buildings	10-50 years	10-100 years
Equipment	3-20 years	3-25 years
Utility property	N/A	33-75 years

Artwork is capitalized but not depreciated. These assets are maintained for public exhibition, education, or research and are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other items for the collection.

L. Compensated Absences

The City's employees earn vacation, sick, and attendance incentive leave which may be used or accumulated up to certain amounts. Unused vacation and attendance incentive leave is paid upon death, retirement, or termination. Unused sick leave is reduced to a specified limit when paid upon retirement, certain terminations, or death.

In accordance with the criteria established in the Codification of Governmental Accounting Standards, Section C60, "Compensated Absences," a liability is recorded for vacation leave earned by employees attributable to past service and sick leave earned by employees attributable to past service only to the extent it is probable that such leave will result in termination pay. In addition, a liability has been recorded for certain salary related payments associated with the payment of accrued vacation and sick leave.

In the government-wide and proprietary fund statements of net position, all compensated absence liabilities incurred are recorded as liabilities. However, a liability is recorded in the governmental funds balance sheet only if they have matured and are due as a result of employee resignations, retirements, or termination.

M. Risk Management

The City is self-funded for workers' compensation, employee health insurance, most property damage, and the majority of tort liability exposures. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. Indemnity and insurance protection are also required for all City contractors, vendors, lessees, and permit holders. Claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. The recorded estimated liability for claims and judgments includes a provision for Incurred but Not Reported (IBNR) liabilities for workers' compensation, tort cases, and employee health insurance.

The remainder of this page intentionally left blank.

Note 1. Summary of Significant Accounting Policies (continued)

N. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet and statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – The pension contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year.
- Difference in projected and actual earnings on pension assets and difference between estimated and actual experience – These are amortized as a component of pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.
- Changes in assumptions – These are amortized as a component of pension expense over a closed period of five years.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify in this category. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements. The second and third items qualify as deferred inflows of resources related to pensions. A deferred inflow is recorded in the government-wide statement of net position and fund level financials for the proprietary statements of net position for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The differences are amortized over the average remaining service life of all participants in the respective pension plans and recorded as a component of pension expense beginning with the period in which they are incurred. Also, changes in assumptions are amortized as a component of pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The Dallas Convention Center Hotel Development Corporation discretely presented component unit also reports a deferred inflow as a result of the advance for the Build America Bonds rebate.

O. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements of net position.

General obligation bonds are issued to fund capital projects of both the general government and certain proprietary funds, and are to be repaid from tax revenues of the City. Accreted interest on capital appreciation bonds is reflected as interest expense in the governmental activities statement of activities and as an addition to non-current liabilities in the statement of net position.

P. Bond Premiums, Discounts, and Issuance Costs

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs, except any portion related to prepaid insurance costs (if applicable), are recognized as an expense in the period incurred.

Note 1. Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs in the current period. The face amount of debt issued is reflected as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund level balance sheets/statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Short-term and long-term interfund loans are classified as notes receivable or payable from other funds with an interest rate of 4.25 to 5.44 percent.

R. Transactions Between Funds

Transactions between funds, which would have been treated as revenues, expenditures, or expenses if they involved organizations external to the government unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund reimbursed. All other nonreciprocal transactions between funds which are not reimbursements and where the funds do not receive equivalent goods or services for the transaction are classified as transfers.

S. Deferred Compensation Plan

There are three deferred compensation plans. Two of these plans are voluntary for City employees who participate in the City's pension plans. The third plan is mandatory for all employees and council members who are not covered by the City's pension plans. These plans comply with sections 401(k) and 457(b) of the Internal Revenue Code.

Participants in the City's voluntary 457 and 401(k) plans have full discretion to choose investments from a list of standard plan options, a linked brokerage account, and a commingled pool managed by Fidelity Management Trust Company. The list of standard plan options includes mutual funds with varying styles and levels of investment risk. All the account balances in the mandatory 457 plan are invested in the same commingled pool. All contributions to these plans are deferred by plan participants from their compensation and all the earnings are allocated to each participant's account. Distributions from all the deferred compensation plans are available after termination of employment. Additionally, participants in the City's voluntary plans may also take out loans and may receive hardship withdrawals in accordance with federal regulations. The assets held in these plans are not included in the City's financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

T. Net Position

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may be either expended or added to principal. The City is subject to the State of Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) in relation to endowment funds.

Note 1. Summary of Significant Accounting Policies (continued)

The Risk Fund has a deficit net position of $112 million associated with the City's self-insured workers' compensation, auto, and general liability activities. The deficit results from the recognition of certain liabilities that will be paid in future periods. The City expects to issue general obligation bonds to fund $61.7 million of the deficit related a legal settlement reported in the general liability activities. The remaining liabilities will be funded in the fiscal year in which they will be paid through annual budget appropriations. The City's approach for addressing this deficit is consistent with the budgetary basis of accounting for all funds as indicated in Note 2.B. The Sanitation, Municipal Radio, Building Inspection, Equipment Services and Communication Equipment Services funds had deficit net positions of $88 million, $2.2 million, $12.8 million, $7.8 million and $225 thousand, respectively, due to the recognition of the net pension liability. The City's approach for addressing this deficit is to enhance revenues and to employ cost reduction measures.

U. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers pooled cash and all highly liquid debt instruments purchased with an original maturity of three months or less or that have general characteristics of demand deposits in that additional funds may be deposited or withdrawn at any time without prior notice or penalty to be cash equivalents.

V. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. New Accounting Pronouncements

During fiscal year 2017, the City adopted the following Governmental Accounting Standard Board (GASB) Statements:

GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68," was implemented as required by GASB during the fiscal year ending September 30, 2017. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contributions pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," was implemented as required by GASB during the fiscal year ending September 30, 2017. The Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 77, "Tax Abatement Disclosures," was implemented as required by GASB during the fiscal year ending September 30, 2017. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatements recipients;
- The gross dollar amount of taxes abated during the period; and
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The implementation of this statement did not result in any changes to the City's financial statements; however, an additional note disclosure was added in Note 4.

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans," was implemented as required by GASB during the fiscal year ending September 30, 2017. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 80, "Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14," was implemented by the City as required by GASB during fiscal year ending September 30, 2017. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No 39, "Determining Whether Certain Organization are Component Units." The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 82, "Pension Issues," was implemented as required by GASB during the fiscal year ending September 30, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of this statement did not result in any changes to the financial statements.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," will be implemented as required by GASB during the fiscal year ending September 30, 2018. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 81, "Irrevocable Split-Interest Agreements," will be implemented by the City as required by GASB during fiscal year ending September 30, 2018. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 83, "Certain Asset Retirement Obligations," will be implemented as required by GASB during the fiscal year ending September 30, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 84, "Fiduciary Activities," will be implemented as required by GASB during the fiscal year ending September 30, 2020. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 85, "Omnibus 2017," will be implemented as required by GASB during the fiscal year ending September 30, 2018. This Statement addresses several different accounting and financial reporting issues identified by GASB during the implementation and application of certain GASB pronouncements. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 86, "Certain Debt Extinguishment Issues," will be implemented as required by GASB during the fiscal year ending September 30, 2018. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished, and notes to the financial statements for debt that is defeased in-substance. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 87, "Leases," will be implemented as required by GASB during the fiscal year ending September 30, 2021. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

Note 2. Stewardship, Compliance, and Accountability

A. Legal Compliance – Budgets

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying financial statements.

1) By the fifteenth day of August each year, the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2) Public hearings are conducted to obtain taxpayers' comments.
3) Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4) The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The legal level of budgetary control is the department level.
5) Formal budgetary integration is employed as a management control device during the year for the general fund and debt service fund. Formal budgetary integration is employed as a management control device in the capital project funds for the life of the projects.
6) Annual budgets are legally adopted for the general fund, debt service fund, and proprietary funds. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with GAAP. Budgets for the capital project funds are normally established pursuant to the terms of the related bond ordinances on a project basis.

The remainder of this page intentionally left blank.

Note 2. Stewardship, Compliance, and Accountability (continued)

B. Budgets and Budgetary Basis of Accounting

The City prepares its annual appropriated general fund, debt service fund, and proprietary operating funds' budgets on the budget basis which differs from the GAAP basis. The budget and all transactions of the general fund are presented in accordance with the City's budget basis in the general fund statement of revenues, expenditures, and changes in fund balances – non-GAAP budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis are attributable to the elimination of certain revenues and expenditures budgeted on a non-annual basis and the fact that encumbrances are recorded as the equivalent of expenditures (budget) rather than fund balance (GAAP) in the governmental funds. Adjustments necessary to convert the excess of revenues and other financing sources over expenditures and other uses on the budget basis to a GAAP basis for the general fund are provided below:

Excess of revenues and other financing sources over expenditures and other uses--budgetary basis	$	17,634
Change in fair value of investments		(611)
Change in encumbrances		28,795
Funds not included in general fund budget		(514)
Revenue recognized for GAAP basis but not budgetary basis		399
Other items budgeted on a non-GAAP basis		(1,570)
Excess of revenues and other financing sources over expenditures and other uses--GAAP basis	$	44,133

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to assign that portion of the applicable appropriation, is utilized as an extension of formal budgetary integration in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. For the general fund, outstanding encumbrances are reported as assigned fund balances. For other governmental funds, encumbrances are reported as either restricted or committed. These balances do not constitute expenditures or liabilities for GAAP purposes since the goods and services have not been received.

Encumbrances outstanding at year-end are carried forward to the new fiscal year. Such encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to budget of governmental funds on the budget basis of accounting.

C. Nature and Purpose of Classifications of Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. Fund balance should be reported as committed when amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance should be reported as assigned for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the General Fund and includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Note 2. Stewardship, Compliance, and Accountability (continued)

The City Council is the City's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council. This can also be done through adoption or amendment of the budget. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The City Council has authorized the City Manager as the official authorized to assign fund balance up to $50 to $70 thousand per transaction, depending on the type of goods or services by administrative action, pursuant to Section 2-30 of the City Code. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will start with the most restricted category and spend those funds first before the next category with available funds.

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain an unassigned General Fund balance, which includes the Emergency and Contingency Reserves, at a level not less than 30 days of the General Fund operating expenditures, less debt service.

The table on the following page presents additional detail of fund balances as of September 30, 2017.

The remainder of this page intentionally left blank.

Note 2. Stewardship, Compliance, and Accountability (continued)

	General	Debt Service	Non-major Govermental Funds	Total
Fund balances				
Nonspendable				
Inventory	$ 11,143	$ -	$ -	$ 11,143
Prepaid items	-	-	4,086	4,086
Permanent fund principal	-	-	9,958	9,958
Total nonspendable	11,143	-	14,044	25,187
Restricted for				
9 -1 -1	12,061	-	-	12,061
Debt service	-	12,622	-	12,622
Culture and recreation:				
Culture and recreation services	-	-	48,822	48,822
Library facilities	-	-	4,944	4,944
Parks and recreation facilities	-	-	24,224	24,224
Culture and arts facilities	-	-	4,552	4,552
Public safety:				
Police services	-	-	9,762	9,762
Homeland security	-	-	671	671
Fire station facilities	-	-	441	441
Police headquarters and safety facilities	-	-	9,847	9,847
Community development	-	-	6,812	6,812
Health and human services	-	-	472	472
Public-private partnerships	-	-	32,232	32,232
Municipal court technology	-	-	3,492	3,492
Public television cable system	-	-	9,156	9,156
Grants and other purposes	-	-	9,182	9,182
Storm water operations	-	-	42,226	42,226
Streets and transportation:				
Repairs	-	-	11,936	11,936
Improvements	-	-	132,935	132,935
Flood protection	-	-	125,768	125,768
Trinity River project	-	-	73,999	73,999
Capital reserve and assessments	-	-	11,064	11,064
Long-term note receivable	-	-	4,161	4,161
Neighborhood projects:				
Tax increment financing	-	-	54,614	54,614
Economic development incentives	-	-	20,365	20,365
City-wide capital improvements	-	-	2,876	2,876
Farmers' Market improvements	-	-	435	435
City animal shelter facilities	-	-	320	320
Municipal court facilities	-	-	695	695
Homeless facilities	-	-	87	87
Total restricted	12,061	12,622	646,090	670,773
Committed to				
Risk reserve	1,250	-	-	1,250
Culture and recreation services	-	-	17,186	17,186
Total committed	1,250	-	17,186	18,436
Assigned to				
Code enforcement services	1,390	-	-	1,390
Communication and information technology services	1,885	-	-	1,885
Community development services	479	-	-	479
Cultural affairs services	339	-	-	339
Fire safety services	1,034	-	-	1,034
Library services	259	-	-	259
Municipal court services	88	-	-	88
Parks and recreation services	2,760	-	-	2,760
Police safety services	3,716	-	-	3,716
Streets, public works and transportation maintenance	22,859	-	-	22,859
General government services	4,154	-	-	4,154
Total assigned	38,963	-	-	38,963
Unassigned	171,747	-	-	171,747
Total fund balance	$ 235,164	$ 12,622	$ 677,320	$ 925,106

Note 3. Joint Ventures

Dallas/Fort Worth International Airport (DFW Airport)

DFW Airport is owned jointly by the cities of Dallas and Fort Worth and operated by a 12-member board comprised of seven members from Dallas and four members from Fort Worth appointed by the respective City Councils. One additional non-voting member is appointed from the neighboring cities of Irving, Grapevine, Euless, and Coppell on a rotating basis.

Joint Revenue Bonds were previously issued to construct DFW Airport. Additional bonds have been issued for the purpose of improving, constructing, replacing, or otherwise extending DFW. Revenues derived from the ownership and operations of the Airport are pledged to meet debt service requirements of the bonds issued pursuant to the Controlling Ordinances. The Controlling Ordinances require DFW to annually adopt a schedule of charges that is: (1) reasonably estimated to produce gross revenues in an amount at least sufficient to pay operation and maintenance expense plus 1.25 times accrued aggregate debt service and (2) reasonably estimated to at least produce current gross revenues in an amount at least sufficient to pay operation and maintenance expense plus 1.00 times accrued aggregate debt service.

The outstanding debt and related debt service are accounted for by the DFW Airport Board. The Joint Revenue Bonds outstanding at September 30, 2017 were $6.6 billion which is net of unamortized discount/premium.

The summary financial information for DFW Airport as of September 30, 2017 is presented below and is not included in the City's financial statements.

Total assets and deferred outflows of resources	$	7,416,213
Less: Total liabilities and deferred inflows of resources		(7,122,563)
Total net position	$	293,650
Operating revenues	$	840,899
Non-operating revenues (expenses)		(92,128)
Less: Operating expenses		(771,771)
Plus: Capital contributions		29,962
Change in net position		6,962
Net position, beginning of year		286,688
Net position, end of year	$	293,650

To obtain the financial statements of the joint venture, contact the finance department of DFW Airport at (972) 973-5443.

The remainder of this page intentionally left blank.

Note 4. Tax Abatements

As of September 30, 2017, the City provides tax abatements through three programs: the Historic Preservation Program, the Public Private Partnership Program, and the Tax Increment Financing Program. The table below describes each of these programs:

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
1. Purpose of program	To encourage economic development through the revitalization and preservation of the City's historic properties, including residential properties, and to assist in accomplishing the following goals: revitalize older neighborhoods to build and capture a stable tax base; support private sector investment in historic properties; encourage home ownership; promote pedestrian oriented, ground floor retail in the urban historic districts; support new uses for vacant and deteriorated historic buildings; and encourage low and moderate income families to invest in historic districts.	To stimulate private investment and job creation.	To promote development or redevelopment in the City. The City reinvests a portion of property tax revenues generated from new real estate development into the area to encourage the implementation of redevelopment plans.
2. Tax being abated	City of Dallas real property tax.	Real and/or business personal property, retail sales taxes, and hotel occupancy tax.	City of Dallas real property tax.
3. Authority for abatement agreements	Dallas City Code, Article XI, "Historic Preservation Tax Exemptions and Economic Development Incentives for Historic Properties."	Texas Tax Code Chapter 312, "Property Redevelopment and Tax Abatement Act" and Texas Tax Code Chapter 380, "Miscellaneous Provisions Relating to Municipal Planning and Development."	Texas Tax Code Chapter 311, "Tax Increment Financing Act."

Note 4. Tax Abatements (continued)

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
4. Criteria for abatement eligibility	To be eligible for the program, the building must be a contributing structure within any City historic district. It must be designated as a City of Dallas historic district or an individual historic district. The type of abatement available depends on how much is invested in rehabilitation and where the property is located. Abatements are obtained through application by the property owner prior to commencing the improvements and require subsequent provision by the owner for proof that the improvements have been made.	The P/PP Program is intended to provide City support for development projects that have financial gaps or for projects that otherwise represent a competitive situation for the City against non-Dallas locations. Companies pursuing incentives under the P/PP Program must provide written assurance that "but for" the incentives, the proposed project would not occur, or would otherwise be substantially altered so that the economic returns or other associated public benefits secured by the City's participation would be reduced.	The TIF program is intended to provide City financial support for projects that 1) support goals of specific redevelopment plans for each TIF District and 2) fill funding gaps in projects. Development pursuing incentives must provide detailed financial information about the project/financing gaps; show how project meets objectives of TIF plan for district, and; meet rigorous design review process requirements.
5. How recipients' taxes are reduced	The property tax due is net of the abated amount.	1. The property tax due is net of the abated amount, or the property tax may be paid by the taxpayer and subsequently refunded by the City. 2. The sales tax abatement is refunded after the taxpayer pays the sales tax. 3. The hotel occupancy tax abatement is refunded after the taxpayer pays the hotel occupancy tax.	Property taxes are paid by the taxpayer and subsequently refunded by the City.
6. How amount of abatement is determined	The property tax abatement amount is based on the improvement expenditures for the structure as a percentage of the pre-rehabilitation value of the structure. The range of the abatement amount available is equal to the tax on the added value of the structure and land up to 100 percent of the total property tax.	1. The property tax may be abated up to 90 percent of the property tax paid depending on the type of project. 2. The sales tax abated is equal to 50 percent of sales tax receipts for the first 10 years and 25 percent for the next 5 years. 3. The hotel occupancy tax is abatement is equal to 100 percent of the hotel occupancy tax collected.	TIF financial incentives are based on a number of factors: 1) financial gap; 2) ability of project to meet objectives of TIF district; and 3) adequate revenue stream.

Note 4. Tax Abatements (continued)

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
7. Provisions for recapturing abated taxes	There is an obligation by the owner to repay any taxes that were exempted under this program if the historic property is ever demolished or materially altered by the willful act or negligence of the owner without necessary City approvals.	If there is failure to comply with the agreement and in the case of default, all taxes which otherwise would have been paid to the City without the benefit of tax abatement, including interest and penalties thereon, will become a debt to the City and shall become due.	TIF incentives may or may not have a recapture provision. Each project is negotiated separately.
8. Type of commitments made by the City other than to reduce taxes	No other commitments were made by the City as part of these agreements.	No other commitments were made by the City as part of these agreements.	No other commitments were made by the City as part of these agreements.
9. Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement (in thousands).	Property taxes: $1,581	Property taxes: $5,805 Sales tax: N/A (1) Hotel occupancy taxes 3,801 Total: 9,606 (1) Texas Tax Code, Chapter 321, "Municipal Sales and Use Tax," Section 3022 - Information received by a municipality or other local governmental entity under this section is confidential, is not open to public inspection, and in general may only be used for internal purposes	The TIF program: $11,059

Note 5. Cash, Deposits, and Investments

A. General

The City maintains a cash and investment pool available for use by all City funds. Each fund's portion of this pool is displayed on the balance sheet/statement of net position as "Pooled cash and cash equivalents." The City treats pooled investments and short-term non-pooled investments as cash equivalents. Long-term non-pooled investments are reported as "Other investments, at fair-value" in the appropriate funds. In addition, several City funds have investments, which are separately held. A fund may overdraw its account in the pool, with the overdrafts reported as liabilities (due to other funds) on the balance sheet.

Note 5. Cash, Deposits, and Investments (continued)

In 1987, the City Council adopted the City's Investment Policy which was in compliance with Federal and State law and the City Charter. Subsequent amendments were made by the City Council to incorporate changes to the Public Funds Investment Act (Chapter 2256, Texas Government Code) and to improve management of the City's investments. The Public Funds Investment Act requires that investments shall be made in accordance with written policies approved at least annually by the governing body. Investment policies must address safety of principal, liquidity and yield, with primary emphasis on safety of principal. In accordance with this Policy, the City may invest in direct or guaranteed obligations of the U.S. Treasury, certain U.S. agencies and instrumentalities, and direct obligations of states and local governments with a credit rating no less than Aa3 or its equivalent; fully collateralized certificates of deposit and repurchase agreements; no-load money market mutual funds and local government investment pools with credit ratings no less than Aaa or its equivalent. The City's Investment Pool is an aggregation of the majority of City Funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts, and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects, and debt service. The City is precluded from investing in bankers' acceptances, commercial paper, and collateralized mortgage obligations, all of which are authorized by State law.

The Employees' Retirement Fund and the Dallas Police and Fire Pension Systems, component units of the City, are included under Pension Trust in the following table. Police and Fire Pension Plans include Dallas Police and Fire Pension Combined Plan (Combined Plan) and Supplemental Police and Fire Pension Plan (Supplemental Plan). A summary of pooled cash and other investments for all City funds, including blended and discretely presented component units and $4.1 million held in agency funds is presented below. Balances are presented as of September 30, 2017 or December 31, 2016, depending on the fiscal year of the entity.

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Held in Trusts - Permanent Funds	Other Cash and Investments Held in Pension Trust	Total
Cash and cash equivalents	$ 837,508	$ -	$ 450,324	$ 1,287,832
Other investments	3,754	9,958	5,184,349	5,198,061
Restricted cash and investments	1,113,745	-	-	1,113,745
Total	$ 1,955,007	$ 9,958	$ 5,634,673	$ 7,599,638

A summary of the carrying amount of cash on hand, deposits, and investments at September 30, 2017, is as follows:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Held in Trusts - Permanent Funds	Other Cash and Investments Held in Pension Trust	Total
Deposits	$ 146,486	$ -	$ 450,324	$ 596,810
Investments	1,808,521	9,958	5,184,349	7,002,828
Total	$ 1,955,007	$ 9,958	$ 5,634,673	$ 7,599,638

Primary Government	Carrying Value	Bank Balance
Pooled Demand Deposits	$ 146,486	$ 161,360
Cash and cash equivalents - Pension Trust Funds	450,324	450,324
Total	$ 596,810	$ 611,684

Note 5. Cash, Deposits, and Investments (continued)

B. City of Dallas

The City of Dallas categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, level 2 inputs are significant other observable inputs, and level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2017:

		Fair Value Measurements Using	
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Federal Agricultural Mortgage Corporation Notes	$ 345,358	$ -	$ 345,358
Federal Farm Credit Bank Notes	298,642	-	298,642
Federal Home Loan Bank Notes	363,067	-	363,067
Federal Home Loan Mortgage Corporation Notes	326,398	-	326,398
Federal National Mortgage Association Notes	172,571	-	172,571
Exchange-Traded Funds - Equities	7,203	7,203	-
Exchange-Traded Funds - Fixed Income	1,438	1,438	-
Index Tracking Funds - Tangible Assets	84	84	-
Total Investments by Fair Value Level	1,514,761	$ 8,725	$ 1,506,036
Investments Measured at Net Asset Value (NAV)			
Money Market Mutual Funds	137,916		
Hedge Funds	915		
Total Investments Measured at Net Asset Value (NAV)	138,831		
Investments Measured at Amortized Cost			
Local Government Investment Pools	53,020		
Other Investments Measured at Purchase Cost			
Repurchase Agreements	111,867		
Total Investments	$ 1,818,479		

The City invests in TexSTAR, TexPool, TexPool Prime, and LOGIC, which are Local Government Investment Pools (LGIP) created under the Interlocal Cooperation Act, Texas Government Code Chapter 791, and the Public Funds Investment Act, Texas Government Code Chapter 2256. These two acts provide for the creation of LGIP's and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools. The LGIP's follow all requirements of the Public Funds Investment Act, including being rated by a nationally recognized rating agency, using amortized cost valuation, and, to the extent reasonably possible, stabilize at a $1 net asset value.

Note 5. Cash, Deposits, and Investments (continued)

J.P. Morgan Investment Management Inc. and First Southwest Company (a division of Hilltop Securities) serve as co-administrators for the TexSTAR & LOGIC programs under agreements with each pool's respective board of directors. The TexSTAR governing board is a five-member Board consisting of three representatives of employees, officers or elected officials of participating government entities, and one member designated by each of the co-administrators. In addition, TexSTAR has an Advisory Board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool. The governing body of LOGIC is a five-member board of directors comprised of employees, officers or elected officials of participating government entities, or individuals who do not have a business relationship with LOGIC and are qualified to advise the pool. A maximum of two advisory board members represent the co-administrators of LOGIC.

The Comptroller of Public Accounts for the State of Texas is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool and TexPool Prime. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool Portfolios are provided by Federated Investors, Inc., under an agreement with the State Comptroller, acting on behalf of the Trust Company. In addition, TexPool has an Advisory Board composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios.

Deposit and Investment Risk Disclosures

GASB Statement No. 40, "Deposit and Investment Risk Disclosures," requires disclosure information related to common risks inherent in deposit and investment transactions. Investments are subject to certain types of risks, including custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Exposure of deposited funds and investment risk are disclosed in the following sections of this note.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. As of September 30, 2017, $7.7 million was fully collateralized by U.S. Federal Agency securities, $150.0 million was fully collateralized by letter of credit issued to the City by Federal Home Loan Bank, and $250 thousand was insured by the Federal Deposit Insurance Corporation. The collateral pledged to the City is held in the City's name at the Bank of New York Mellon. The FDIC insures demand accounts up to $250 thousand in the aggregate. At September 30, 2017, all deposits were either insured or collateralized.

Fully collateralized and insured deposits held by custodian banks:

Demand Deposits	$ 158.0 million

Safekeeping of investment securities is provided by the City's depository and trust institutions. Securities are held in street name with the bank as nominee. As of September 30, 2017, the City's investments held by the counterparty, and not insured, are as follows:

Security Type	Fair Value
U.S. Agency Securities	$ 1,506,036

Concentration of Credit Risk

Investments that individually represent 5 percent or more of net portfolio assets are stated below. Investments issued or explicitly guaranteed by the U.S. government, and investments in mutual funds and external investment pools, are excluded.

Agency Securities by Issuer	Fair Value	% of Total Portfolio
Federal Agricultural Mortgage Corporation Notes	$ 345,358	22.93%
Federal Farm Credit Bank Notes	298,642	19.83%
Federal Home Loan Bank Notes	363,067	24.11%
Federal Home Loan Mortgage Corporation Notes	326,398	21.67%
Federal National Mortgage Association Notes	172,571	11.46%
Total Agency Securities	$ 1,506,036	100.00%

Note 5. Cash, Deposits, and Investments (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Money market mutual funds and local government investment pools in the City's portfolio are rated AAAm by Standard & Poor's and/or Aaa by Moody's. U.S. Treasury Notes and Bills are obligations of the U.S. government and are not considered to have credit risk and thus are not rated (NR). Long-term bond ratings are used for the U.S. Government Agencies except for Federal Agricultural Mortgage Corporation (FAMC) Notes. U.S. Government Agencies are direct obligations of the United States agencies, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States agencies. Ratings for the City's portfolio are listed on the following table.

Security Type	Fair Value	% of Total Portfolio	S&P/Moody's Ratings
Money Market Mutual Funds and Local Government Investment Pools	$ 190,936	11.25%	AAAm/Aaa
Federal Agricultural Mortgage Corporation Notes	345,358	20.35%	Not Rated
Other U.S. Agency Securities	1,160,678	68.40%	AA+/Aaa
Total Portfolio	$ 1,696,972	100.00%	
Repurchase Agreements and Investment Portfolios Held by Various Trusts	121,507		
Total Investments	$ 1,818,479		

Interest Rate Risk

In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years. The weighted average maturities of the City's investments at September 30, 2017 are as follows:

Security Type	Fair Value	Weighted Average Maturity (days)
Money Market Mutual Funds	$ 137,916	37
Local Government Investment Pools	53,020	69
U.S. Agency Securities	1,506,036	458
Total Portfolio	1,696,972	411
Repurchase Agreeements and Investment Portfolios Held by Various Trusts	121,507	
Total Investments	$ 1,818,479	

C. Employees' Retirement Fund

The Employees' Retirement Fund measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2016, the Plan had the following recurring fair value measurements.

Note 5. Cash, Deposits, and Investments (continued)

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Cash and Short Term Investment:				
Short-Term Investment Fund	$ 123,539	$ 123,539	$ -	$ -
Fixed Income:				
Domestic Asset-Backed and Mortgage-Backed	26,198	-	26,198	-
US Government and Agency Obligations	204,574	-	204,574	-
Domestic Corporate and Taxable Municipal Bonds	503,988	-	489,121	14,867
International Fixed Income	11,721	-	11,721	-
Total Fixed Income	746,481		731,614	14,867
Equity:				
Domestic Common and Preferred Stock	582,507	580,162	-	2,345
International Common and Preferred Stock	377,520	369,382	-	8,138
Total Equity	960,027	949,544		10,483
Directly-Owned Real Estate	214,895	-	-	214,895
Total Investments by Fair Value Level	2,044,942	$ 1,073,083	$ 731,614	$ 240,245
Investments Measured at Net Asset Value				
Collective Trust	713,172			
Private Equity	462,469			
Private Debt	127,249			
Total Investments Measured at Net Asset Value	$ 1,302,890			

Custodial Credit Risk

As of December 31, 2016, the Employees' Retirement Fund had $2.1 million, or 7 percent of the total Plan investments of $3.2 billion exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by custodian bank outside the United States	$ 2.1 million

Concentration of Credit Risk

The Employees' Retirement Fund board has contracted with investment managers to manage the investment portfolio of the Plan, subject to the policies and guidelines established by the board. Northern Trust Company, as the Plan's custodian bank, had responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers, and accounting for the investment transactions. The Plan had no investments that individually represented 5 percent or more of the net position available for benefits at December 31, 2016. The Plan's concentration of credit risk policy is communicated to individual managers in their guidelines through limitations or restrictions to securities, sectors, debt ratings, and other factors that may be applicable to a particular manager.

Credit Risk

The Employees' Retirement Fund Investment policy allocates 30 percent of the total assets to fixed income. The policy provides for investments of up to 15 percent of fixed income assets in investment grade assets and up to 15 percent of fixed income assets in below investment grade assets. The investment grade allocation allows the managers to invest up to 20 percent of their portfolio assets in non-US dollar issues. Long term bond ratings for the Employees' Retirement Fund as of December 31, 2016 are shown on the following page.

Note 5. Cash, Deposits, and Investments (continued)

Quality Rating	Fair Value	% of Bond Portfolio
AAA	$ 78,788	9.02%
AA+	14,721	1.68%
AA	1,315	0.15%
AA-	5,494	0.63%
A+	2,689	0.31%
A	12,699	1.45%
A-	17,792	2.04%
BBB+	26,140	2.99%
BBB+	32,203	3.69%
BBB-	43,468	4.97%
BB+	37,236	4.26%
BB	54,485	6.23%
BB-	68,198	7.81%
B+	64,763	7.41%
B	66,057	7.56%
B-	42,977	4.92%
CCC+	27,760	3.18%
CCC	5,620	0.64%
CCC-	1,406	0.16%
CC	627	0.07%
C	-	0.00%
DDD	257	0.03%
D	1,519	0.17%
Not Rated	156,899	17.96%
U.S. Government fixed income securities - NR	110,617	12.66%
Total	$ 873,730	100.00%

Interest Rate Risk

In the Employees' Retirement Fund, Government Mortgage-Backed Securities are most sensitive to changes in interest rates as their payments can vary significantly with interest rate changes. This change in prepayments will generally cause the duration, or interest rate risk, of these securities to increase when interest rates rise and decrease when interest rates fall. These securities represent 10 percent of the total fixed income portfolio with a fair market value of $87,529 at December 31, 2016. The Employees' Retirement Fund does not have a separate policy for interest rate risk.

As of December 31, 2016, the Employees' Retirement Fund weighted-average maturities of the fixed income securities are as follows:

Note 5. Cash, Deposits, and Investments (continued)

Fixed Income Securities	Fair Value	Weighted Average Maturity (Years)
Asset Backed	$ 36,051	10.20
Bank Loans	13,252	4.22
Commercial Mortgage-Backed	16,172	30.86
Corporate Bonds	545,368	7.62
Government Agencies	55,072	13.23
Government Bonds	88,567	12.43
Government Mortgage-Backed Securities	87,529	20.60
Index Lined Government Bonds	2,961	15.71
Municipal/Provincial Bonds	18,157	15.45
Non-Government Backed C.M.O.s	10,601	17.97
Total	$ 873,730	
Portfolio weighted average maturity in years:		10.36

Foreign Currency Risk

The Employees' Retirement Fund investment policies limit the aggregate amount that can be invested in each class of investments. The equity investment policy sets an allocation of 15 percent of assets to international equity, 5 percent of the assets to global equity, and 10 percent to global low volatility equity. The fixed income policy permits up to 15 percent of the global manager's portfolio to be invested in global investment grade fixed income bonds. The Fund's positions in these equity securities, invested directly and through commingled funds, was 14.77 percent of invested assets at December 31, 2016. The Fund's positions in such fixed income assets invested directly were 4.88 percent of invested assets at December 31, 2016. Employees' Retirement fund non-US Dollar denominated investments at December 31, 2016 were as follows:

The remainder of this page intentionally left blank.

Note 5. Cash, Deposits, and Investments (continued)

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Australian Dollars	Equity	$ 3,066
Australian Dollars	Fixed Income	9,760
Brazil Real	Equity	6,093
British Pound	Equity	46,383
Canadian Dollars	Equity	30,917
Canadian Dollars	Fixed Income	1,961
Czech Republic Koruna	Equity	300
Denmark Krone	Equity	2,294
Euro	Equity	84,051
Hong Kong Dollars	Equity	31,539
Hungary-Forint	Equity	2,553
Indonesian Rupiahs	Equity	4,816
Israeli Shekel	Equity	3,999
Japanese Yen	Equity	70,865
Malaysia Ringgit	Equity	3,363
Mexican Peso	Equity	2,119
New Zealand Dollar	Equity	5,837
Norwegian Krone	Equity	8,519
Philippines-Pesos	Equity	859
Poland-Zloty	Equity	1,104
Singaporean Dollars	Equity	1,874
South African Rand	Equity	4,586
South Korean Won	Equity	24,142
Swedish Krona	Equity	4,949
Swiss Francs	Equity	16,753
Taiwan New Dollar	Equity	5,621
Thailand Baht	Equity	9,469
Turkish Lira	Equity	1,449
Various Foreign Currencies	Currency Forward	185,809
Total non-US denominated instruments		$ 575,050

The remainder of this page intentionally left blank.

Note 5. Cash, Deposits, and Investments (continued)

Securities Lending Transactions

The board of the Employees' Retirement Fund has authorized the Plan to enter into agreements for the lending of certain of the Plan's securities (the "Securities Lending Program" or Program) including, but not limited to, stocks and bonds to counter party brokers and banks ("borrowers"), for a predetermined period of time and fee. Such transactions are not prohibited by State statute.

During the fiscal year ended December 31, 2016, Northern Trust ("Northern") lent, on behalf of the Employees' Retirement Fund, securities held by Northern, as a custodian, and received United States dollar cash, United States government agency securities, agency securities, and irrevocable bank letters of credit as collateral. Northern did not have the ability to pledge or sell collateral securities absent a borrower default. Northern Trust's Core USA Collateral Section establishes requirements for participation, collateralization levels, cash and non-cash collateral guidelines, and investment guidelines for the collateral received from borrowers. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities, the collateral for which is all denominated in the same currency as the loaned securities, 102 percent of the fair value of the loaned securities plus any accrued but unpaid distributions thereon, and (ii) in the case of loaned securities, the collateral for which is denominated in a different currency from the loaned securities, 105 percent of the fair value of the loaned securities plus any accrued but unpaid distributions thereon. Additionally, the guidelines set maturity/liquidity requirements for the collateral received from borrowers. At year-end, the Plan had no credit risk exposure to borrowers because the amounts of collateral held by the Plan exceed the amounts the borrowers owe the Plan. The collateral held for the Plan as of December 31, 2016 was $303.1 million.

The Board did not impose any restrictions during the fiscal year on the amount of the loans that Northern made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or Northern. Northern is contractually obligated to fully indemnify the Plan for a borrower's failure to return the loaned securities.

During the fiscal year, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in collective investment pools maintained by Northern. The relationship between the average maturities of the investment pools and the Plans' loans were affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pools, which the Board could not determine.

D. Dallas Police and Fire Pension System

Investment in Group Master Trust

The Dallas Police and Fire Pension System's (the System) investments are held in the Group Master Trust (Group Trust). JP Morgan Chase served as custodian for the year ended December 31, 2016. The book value of the System interests in the Group Trust is based on the unitized interests that it has in the Group Trust. The Combined Plan's interest in the Group Trust was approximately 99.20 percent at December 31, 2016. The Supplemental Plan's interest in the Group Trust was approximately 0.80 percent at December 31, 2016. The allocation of investment income between the Combined Plan and the Supplemental Plan is based on the number of units owned of the Group Trust. Benefits, contributions, and administrative expenses are allocated to each plan directly.

The following summarizes the book value of the System's investments for the Group Trust as of December 31, 2016.

Note 5. Cash, Deposits, and Investments (continued)

Short-term investments		
Short-term investment funds	$	7,153
Fixed income securities		
US Treasury bonds		6,854
Corporate bonds		88,307
Foreign-denominated bonds		28,896
Commingled funds		144,924
Municipal Bonds		907
Equity securities		
Domestic		80,190
Foreign		74,469
Real assets		
Real estate		589,364
Infrastructure		273,533
Timberland		95,734
Farmland		170,334
Private equity		264,779
Alternative investments		134,898
Forward currency contracts		(286)
Net position in the Group Trust	$	1,960,056

GASB No. 72 requires all investments be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date;
- Level 2: Inputs (other than quoted pries included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs; and,
- Level 3: Significant unobservable inputs for an asset or liability.

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2016, at fair value:

The remainder of this page intentionally left blank.

Note 5. Cash, Deposits, and Investments (continued)

Investments by Fair Value Level	Total	Fair Value Measurements Using Level 1	Level 2	Level 3
Short-term investment funds	$ 7,153	$ 7,153	$ -	$ -
Fixed income securities				
US Treasury bonds	6,854	-	6,854	-
Corporate bonds	88,307	-	88,307	-
Foreign-denominated bonds	28,896	-	28,896	-
Commingled funds	41,893	-	35,677	6,216
Municipal bonds	907	-	907	-
Equity securities				
Domestic	80,190	80,190	-	-
Foreign	74,469	74,469	-	-
Real assets				
Real estate	444,609	-	66,483	378,126
Infrastructure	179,100	-		179,100
Timberland	43,536	-		43,536
Farmland	170,334	-		170,334
Private equity	149,822	-	40,023	109,799
Alternative investments	927	-	927	
Forward currency contracts	(286)	-	(286)	
Total Investments by Fair Value Level	1,316,711	$ 161,812	$ 267,788	$ 887,111
Investments Measured at Net Asset Value				
Fixed income - commingled funds	103,031			
Real assets	291,386			
Private Equity	114,957			
Alternative investments	133,971			
Total Investments Measured at Net Asset Value	643,345			
Total Investments Measured at Fair Value	$ 1,960,056			

Custodial Credit Risk

As of December 31, 2016, the Dallas Police and Fire Pension System has $3.4 million of its cash balance exposed to custodial credit risk.

Credit Risk

The Dallas Police and Fire Pension System does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract. The System's exposure to investment credit risk in fixed income securities as of December 31, 2016 is as follows:

Note 5. Cash, Deposits, and Investments (continued)

Quality Rating	Corporate Bonds	Municipal Bonds	U.S. Government Securities	Foreign Government Securities	Grand Total Book Value	Percentage of Holdings
AAA	$ 3,288	$ -	$ 6,854	$ 1,565	$ 11,707	9.37%
AA+	6,888	-	-	7,282	14,170	11.33%
AA	1,244	-	-	-	1,244	1.00%
AA-	3,259	-	-	-	3,259	2.61%
A+	2,063	-	-	-	2,063	1.65%
A	2,513	907	-	-	3,420	2.74%
A-	1,948	-	-	8,407	10,355	8.29%
BBB+	657	-	-	-	657	0.53%
BBB	1,111	-	-	3,210	4,321	3.46%
BBB-	822	-	-	2,472	3,294	2.64%
BB+	695	-	-	-	695	0.56%
BB	5,393	-	-	2,900	8,293	6.64%
BB-	8,528	-	-	-	8,528	6.82%
B+	5,180	-	-	-	5,180	4.15%
B	3,287	-	-	-	3,287	2.63%
B-	8,295	-	-	448	8,743	7.00%
Below B-	26,548	-	-	475	27,023	21.61%
NA	6,588	-	-	2,137	8,725	6.97%
Subtotal	$ 88,307	$ 907	$ 6,854	$ 28,896	$ 124,964	100.00%
Total credit risk debt securities					$ 124,964	6.38%
Other investments					1,835,092	93.62%
Total investments					$ 1,960,056	100.00%

Interest Rate Risk

As of December 31, 2016, the Dallas Police and Fire Pension Plans had the following investments and maturities:

		Investment Maturity in Years			
Investment Type	Book Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Fixed maturity domestic:					
U.S. Treasury Bonds	$ 6,854	$ -	$ 1,760	$ -	$ 5,094
Corporate Bonds	88,307	7,803	35,121	18,924	26,459
Municipal Bonds	907	-	-	-	907
Foreign-denominated Bonds	28,896	2,758	8,689	4,908	12,541
Total	$ 124,964	$ 10,561	$ 45,570	$ 23,832	$ 45,001

While the Plans do not have a specific investment policy to limit investment maturities as a means of managing their exposure to interest rate risk, the Plans do manage this exposure by mandating maturity limits within the Investment Management Service Contracts.

Foreign Currency Risk

Police and Fire Pension Plans do not have specific policy guidelines other than the constraints included in the individual investment manager contracts. Police and Fire Pension Plans non-US Dollar denominated investments at December 31, 2016 were as follows:

Note 5. Cash, Deposits, and Investments (continued)

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Australian Dollar	Fixed Income	$ 3,296
Australian Dollar	Equity	1,665
Australian Dollar	Real Assets	8,337
Brazilian Real	Fixed Income	2,900
Brazilian Real	Real Assets	11,428
British Pound Sterling	Fixed Income	4,322
British Pound Sterling	Equity	7,930
British Pound Sterling	Real Assets	15,842
Canadian Dollars	Equity	1,970
Danish Krone	Equity	1,363
Euro	Fixed Income	923
Euro	Equity	24,991
Hong Kong Dollar	Equity	5,582
Indonesian Rupiahs	Fixed Income	2,472
Japanese Yen	Equity	18,083
Malaysian Ringgit	Fixed Income	2,137
Mexican Peso	Fixed Income	8,408
New Zealand Dollar	Fixed Income	1,228
Singaporean Dollar	Equity	144
South African Rand	Fixed Income	3,210
South African Rand	Real Assets	33,115
Swedish Krona	Equity	2,302
Swiss Franc	Equity	10,439
Total non-US denominated instruments		$ 172,087

Securities Lending Transactions

The board of Dallas Police and the Dallas Fire Pension System has authorized the System to enter into agreements for the lending of certain of the System's securities (the "Securities Lending Program" or Program) including, but not limited to, stocks and bonds to counter party brokers and banks ("borrowers"), for a predetermined period of time and fee. Such transactions are not prohibited by State statute.

During the fiscal year ended December 31, 2016, JP Morgan Chase ("JP Morgan") lent, on behalf of the Dallas Police and Fire Pension System, securities held by JP Morgan as a custodian, and received United States dollar cash and United States Government securities as collateral. JP Morgan did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was in the United States or sovereign debt issued by foreign governments, 102 percent of the fair value of the loaned securities, and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States dollars, 105 percent of the fair value of the loaned securities. At year-end, the System has no credit risk exposure to borrowers because the amounts of collateral held by the System exceed the amounts the borrowers owe the System. The collateral held for the System as of December 31, 2016 was $26.9 million.

The Board did not impose any restrictions during the fiscal year on the amount of the loans that JP Morgan made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or JP Morgan.

During the fiscal year, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in collective investment pools maintained by and JP Morgan. The relationship between the average maturities of the investment pools and the Plans' loans were affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pools, which the Board could not determine.

Note 6. Receivables

Receivables at September 30, 2017 for the government's individual major and nonmajor governmental and internal service funds, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Nonmajor	Internal Service Funds	Total Governmental Activities
Receivables:					
Ad valorem tax	$ 27,739	$ 11,738	$ -	$ -	$ 39,477
Sales tax	49,739	-	-	-	49,739
Notes	199	-	68,155	-	68,354
Special Assessments - paving notes	-	-	5,524	-	5,524
Accounts	137,321	-	29,056	1,524	167,901
Accrued interest	508	29	1,892	96	2,525
Due from other governments	337	-	35,033	-	35,370
Gross receivables	215,843	11,767	139,660	1,620	368,890
Less allowance for doubtful accounts	(73,016)	(10,097)	(40,770)	-	(123,883)
Net total receivables	$ 142,827	$ 1,670	$ 98,890	$ 1,620	$ 245,007

Receivables at September 30, 2017 for the primary government's individual major and nonmajor enterprise funds in the aggregate including the applicable allowances for uncollectible accounts, consist of the following:

	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise	Total Business-type Activities
Receivables:						
Accounts	$ 79,887	$ 3,903	$ 12,046	$ 20,803	$ 585	$ 117,224
Taxes	-	8,660	-	-	-	8,660
Accrued interest	1,266	277	282	89	140	2,054
Due from other governments	-	-	9,642	-	-	9,642
Gross receivables	81,153	12,840	21,970	20,892	725	137,580
Less allowance for uncollectible accounts	(8,188)	(527)	(6)	(5,038)	(14)	(13,773)
Net total receivables	$ 72,965	$ 12,313	$ 21,964	$ 15,854	$ 711	$ 123,807

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Intergovernmental revenues and related receivables arise through funding received from federal and state grants. These revenues and receivables are earned through expenditures of monies for grant purposes. At September 30, 2017, the various components of deferred inflows of resources – unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Total Governmental Unearned	Deferred Inflows of Resources Unavailable Revenue
Taxes	$ -	$ 4,529
Accounts	6,762	45,845
Intergovernmental	41,237	40,640
Total	$ 47,999	$ 91,014

Note 7. Restricted Assets

The primary government's governmental and business-type restricted assets of $582 million and $736 million, respectively, are composed of the following at September 30, 2017:

	Governmental Activities	Business-Type Activities
Cash and Investments:		
Pooled Cash and Cash Equivalents	$ 581,544	$ 408,800
Other Investments	-	123,401
Future pipeline reserve capacity rights	-	155,720
Escrow deposit	-	47,321
Customer Assessments	-	673
Total	$ 581,544	$ 735,915

The restricted amounts are for accumulated resources for debt service payments, deposits from service users, unspent bond and other proceeds for construction, retention guarantees from contractors, future pipeline reserve capacity rights, and escrow deposits (see Notes 11.S and 19 for additional information).

Note 8. Capital Assets

Capital asset activity for the year ended September 30, 2017 is as follows:

	Balance, Beginning of Year	Additions	Transfers and Retirements	Balance, End of Year
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 492,553	$ 3,311	$ (1,247)	$ 494,617
Artwork	49,501	366	-	49,867
Construction in progress	342,716	174,669	(187,624)	329,761
Total capital assets, not being depreciated	884,770	178,346	(188,871)	874,245
Capital assets, being depreciated:				
Buildings	1,309,879	31,674	-	1,341,553
Improvements other than buildings	667,677	19,195	(1,519)	685,353
Equipment	665,925	45,541	(9,098)	702,368
Infrastructure assets	2,448,749	128,776	(2,725)	2,574,800
Total capital assets, being depreciated:	5,092,230	225,186	(13,342)	5,304,074
Less accumulated depreciation for:				
Buildings	(523,068)	(27,314)	-	(550,382)
Improvements other than buildings	(202,635)	(17,114)	263	(219,486)
Equipment	(495,301)	(34,149)	8,893	(520,557)
Infrastructure assets	(926,672)	(44,283)	284	(970,671)
Total accumulated depreciation	(2,147,676)	(122,860)	9,440	(2,261,096)
Total capital assets being depreciated, net	2,944,554	102,326	(3,902)	3,042,978
Governmental activities capital assets, net	$ 3,829,324	$ 280,672	$ (192,773)	$ 3,917,223

Note 8. Capital Assets (continued)

Depreciation expense charged to functions:

General government	$	17,144
Public safety		10,497
Code enforcement		132
Environment and health services		293
Streets, public works, and transportation		55,861
Equipment and building services		15,746
Culture and recreation		22,850
Housing		326
Human Services		11
Total depreciation expense - governmental activities	$	122,860

(includes $3,627 of depreciation expense for the Internal Service Funds)

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 316,733	$ 5,837	$ -	$ 322,570
Artwork	3,396	-	-	3,396
Construction in progress	1,034,279	363,978	(244,003)	1,154,254
Total capital assets, not being depreciated	1,354,408	369,815	(244,003)	1,480,220
Capital assets, being depreciated:				
Water rights	353,910	-	-	353,910
Buildings	1,823,570	15,641	(513)	1,838,698
Improvements other than buildings	498,742	3,052	-	501,794
Equipment	710,362	26,101	(5,633)	730,830
Infrastructure assets	603,239	181	-	603,420
Utililty property	3,789,642	231,559	(25,913)	3,995,288
Total capital assets, being depreciated:	7,779,465	276,534	(32,059)	8,023,940
Less accumulated depreciation for:				
Water rights	(116,915)	(3,537)	-	(120,452)
Buildings	(612,923)	(40,721)	62	(653,582)
Improvements other than buildings	(124,315)	(15,775)	-	(140,090)
Equipment	(486,802)	(26,972)	5,591	(508,183)
Infrastructure assets	(252,668)	(10,455)	-	(263,123)
Utility property	(1,072,235)	(73,351)	7,185	(1,138,401)
Total accumulated depreciation	(2,665,858)	(170,811)	12,838	(2,823,831)
Total capital assets being depreciated, net	5,113,607	105,723	(19,221)	5,200,109
Business-Type Activities capital assets, net	$ 6,468,015	$ 475,538	$ (263,224)	$ 6,680,329

Depreciation expense charged to business-type activities:

Dallas Water Utillities	$	116,375
Convention Center		18,265
Airport Revenues		31,788
Sanitation		4,282
Nonmajor Enterprise Funds		101
Total depreciation expense - business-type activities	$	170,811

Note 9. Interfund Receivables, Payables, and Transfers

Due to Other Funds/From Other Funds

A portion of the interfund payable due from nonmajor governmental funds to the general fund was a result of a bank overdraft from other fund's share of pooled cash.

Amounts due from and due to other funds at September 30, 2017 were as follows:

		Due to Other Funds		
Due From Other Funds	Amount	General	Sanitation	Nonmajor Governmental
General	$ 4,034	$ -	$ -	$ 4,034
Dallas Water Utilities	268	268	-	-
Nonmajor Governmental	256	-	-	256
Debt Service	157	-	157	-
Total	$ 4,715	$ 268	$ 157	$ 4,290

Interfund Notes Receivable and Payable

Interfund notes receivable and payable balances at September 30, 2017 were as follows:

	Note Payable
Note receivable	Nonmajor Governmental
Nonmajor governmental	$ 4,161
Dallas Water Utilities	6,112
Total	$ 10,273

These balances relate to long-term borrowings to finance various capital acquisitions and equipment purchases.

Transfers In/Out

Transfers made between funds during the fiscal year are listed below:

		Transfers In					
Transfers Out	Amount Transferred	General	Debt Service	Nonmajor Governmental	Dallas Water Utilities	Sanitation	Internal Service
General	$ 16,253	$ -	$ 14	$ 12,739	$ -	$ -	$ 3,500
Nonmajor Governmental	12,676	-	1,636	2,853	603	7,584	-
Dallas Water Utilities	24,068	13,568	-	10,500	-	-	-
Convention Center	9,214	5,200	1,562	2,452	-	-	-
Airport Revenues	444	-	444	-	-	-	-
Sanitation	14,076	3,500	19	1,992	-	-	-
Nonmajor Enterprise	2,688	-	136	-	-	-	2,552
Internal Service	7,744	5,277	2,467	-	-	-	-
Total	$ 87,163	$ 27,545	$ 6,278	$ 30,536	$ 603	$ 7,584	$ 6,052

These transfers were primarily for support of operation and maintenance, construction projects, asset purchases, and to service the debt associated with the respective funds. Transfers were also made from Dallas Water Utilities fund for payments-in-lieu-of-taxes (PILOT), which are recorded as transfers rather than operation and maintenance expenses due to the nonreciprocal nature of the transactions. Under the terms of the bond ordinance, PILOT and other similar payments are not considered operation and maintenance of the Water Utilities Fund; therefore, they are not included in the debt coverage calculation. Transfers were made from the internal service and nonmajor governmental funds to the general fund for payments related to lease agreements. Transfers in and out at the fund level do not equal due to reclassifications of $8,565 between due to other funds and capital leases payable in the Sanitation fund and due from other funds and capital leases payable in the governmental activities.

Note 10. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at September 30, 2017 are as follows:

	General	Nonmajor Governmental	Internal Service	Total Governmental Activities
Accrued payroll	$ 21,273	$ 458	$ 456	$ 22,187
Accounts payable	35,339	12,349	13,926	61,614
Due to other governments	2,947	2,126	-	5,073
Contracts payable	-	43,509	-	43,509
Other liabilities	5,104	1,614	3,178	9,896
Construction accounts payable	-	14,183	-	14,183
Total	$ 64,663	$ 74,239	$ 17,560	$ 156,462

	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor	Total Business-type Activities
Accrued payroll	$ 1,135	$ 88	$ 189	$ 362	$ 253	$ 2,027
Accounts payable	16,241	8,984	9,354	5,440	243	40,262
Due to other governments	-	4	-	510	-	514
Other liabilities	-	-	-	-	1,377	1,377
Construction accounts payable	65,051	76	14,705	-	-	79,832
Total	$ 82,427	$ 9,152	$ 24,248	$ 6,312	$ 1,873	$ 124,012

The remainder of this page intentionally left blank.

Note 11. Long-Term Debt

A. Governmental Activities

The changes in the governmental activities long-term liabilities for the year ended September 30, 2017 are as follows:

General Obligation Bonds	Beginning Balance	Additions	Deletions*	Ending Balance	Due Within One Year
Series 2007	$ 6,540	$ -	$ 6,540	$ -	$ -
Refunding Series 2007A	49,030	-	18,355	30,675	3,580
Series 2008	22,090	-	11,045	11,045	11,045
Refunding Series 2010A	152,140	-	17,335	134,805	48,290
Building America Bonds Series 2010B	85,380	-	-	85,380	-
Refunding Bonds Series 2010C	78,470	-	9,589	68,881	9,393
Refunding Bonds Series 2012	185,075	-	14,320	170,755	5,305
Refunding Bonds Series 2013A	163,755	-	10,235	153,520	10,235
Refunding Bonds Series 2013B	41,195	-	15,385	25,810	11,995
Refunding Bonds Series 2014	505,765		15,950	489,815	15,950
Refunding Bonds Series 2015	195,075	-	10,840	184,235	10,840
Tax and Revenue Certificates					
Series 2007	610	-	610	-	-
Series 2008A	1,200	-	600	600	600
Series 2010	645	-	215	430	215
Series 2012	14,175	-	2,095	12,080	2,180
Pension Obligation Bonds					
Taxable Series 2005A	81,480	-	686	80,794	1,714
Series 2005B	48,580	-	4,946	43,634	4,411
Taxable Refunding Bonds Series 2010	52,198	-	-	52,198	-
Total Bonds, Obligations, and Certificates	1,683,403	-	138,746	1,544,657	135,753
Add: Unamortized Premium/Discount	237,132	-	28,160	208,972	-
Add: Accretion	102,425	14,476	11,001	105,900	-
Total Bonds, Obligations, and Certificates	2,022,960	14,476	177,907	1,859,529	135,753
Other Liabilities:					
Commercial paper notes payable	10,220	9,650	10,220	9,650	-
Compensated absences	118,088	62,985	64,461	116,612	57,295
Other postemployment benefits	203,243	19,816	12,350	210,709	-
Pollution remediation	4,323	497	561	4,259	1,046
Developer payable	93,464	39,078	19,513	113,029	20,598
Estimated unpaid claims	63,047	161,581	100,571	124,057	84,073
Notes payable	42,893	9,497	3,363	49,027	3,651
Net pension liability	8,319,676	1,841,616	3,221,409	6,939,883	-
Sales tax refund liability	8,159	-	1,454	6,705	1,513
Capital leases	59,117	25,050	24,602	59,565	16,967
Total other liabilities	8,922,230	2,169,770	3,458,504	7,633,496	185,143
Total governmental long-term debt	$ 10,945,190	$ 2,184,246	$ 3,636,411	$ 9,493,025	$ 320,896

* Total deletions of capital leases includes $8,565 in items that were reclassified between amounts due from other funds and capital leases payable.

Note 11. Long-Term Debt (continued)

The liability for commercial paper notes will be fully liquidated by the Debt Service Fund. The liabilities for the compensated absences, net pension liability, and other postemployment benefits will be liquidated by General Fund, Community Development Fund, Health and Human Services Fund, Library Fund, Police Fund, Recreation Fund, Management Improvement Fund, Storm Water Operations Fund, Municipal Fund, General Citizen Fund, Equipment Services Fund, Communication Equipment Services Fund, Office Services Fund, Information Systems Fund, and the Risk Fund. The liability for pollution remediation will be fully liquidated by the General Fund. The liability for the developer payable will be liquidated by the Neighborhood Projects Fund. The entire estimated unpaid claims liability of $124 million is reported in the Risk Fund, and $62.3 million will be liquidated by that fund. The remaining $61.7 million in general liability activities is expected to be funded in fiscal year 2018, through the issuance of general obligation bonds. The liabilities for the notes payable, sales tax refund, and capital leases will be liquidated by the General Fund.

B. Governmental General Obligation Bonds (GO Bonds)

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City.

The General Obligation Bonds outstanding as of September 30, 2017 are as follows:

	Final	Interest Rates	Amount
Series 615	2027	4.0% to 5.0%	$ 30,675
Series 620	2028	4.0% to 5.25%	11,045
Series 627	2020	3.0% to 5.0%	134,805
Series 628	2030	4.39% to 5.61%	85,380
Series 631	2023	3.0% to 5.0%	68,881
Series 637	2026	2.0% to 5.0%	170,755
Series 638	2032	0.76% to 5.0%	179,330
Series 1692	2034	4.0% to 5.0%	489,815
Series 1700	2034	5.00%	184,235
Total			$ 1,354,921

The Certificates of Obligation outstanding as of September 30, 2017 are as follows:

	Final	Interest Rates	Amount
Series 622	2018	3.50% to 5.00%	$ 600
Series 629	2019	2.00% to 4.00%	430
Series 635	2022	2.00% to 5.00%	12,080
Total			$ 13,110

The Pension Obligation Bonds outstanding as of September 30, 2017 are as follows:

	Final	Interest Rates	Amount
Series 600	2035	3.24% to 5.19%	$ 80,794
Series 601	2035	4.10% to 5.48%	43,634
Series 632	2024	0.295% to 4.66%	52,198
Total			$ 176,626

Note 11. Long-Term Debt (continued)

C. Long-Term Notes Payable

In fiscal year 2017 and previous fiscal years, the City issued notes for the purpose of making utility efficiency improvements to various buildings owned by the City and for building improvements. These notes are payable in quarterly installments. In addition, the City recorded four U.S. Department of Housing and Urban Development Section 108 HUD notes. The total outstanding notes payable as of September 30, 2017 are as follows:

	Final Maturity	Payments Due	Interest Rates	Amount
Suntrust	2018	Quarterly	1.89%	$ 647
State Energy Conservation Office CL245	2022	Quarterly	2.50%	3,949
State Energy Conservation Office CL247	2026	Quarterly	2.50%	2,147
State Energy Conservation Office CL272	N/A	N/A	N/A	4,244
State Energy Conservation Office CL273	N/A	N/A	N/A	5,437
Section 108 B-09-MC-48-0009	2021	Semi-Annually	Variable	6,080
Section 108 B-09-MC-48-0009-A	2032	Quarterly	Variable	7,494
Section 108 B-09-MC-48-0009-B	2022	Quarterly	Variable	8,492
Section 108 B-12-MC-48-0009-B	2027	Semi-Annually	2.75%	10,537
Total				$ 49,027

D. General Obligation Commercial Paper Notes

The commercial paper notes are supported by two credit agreements through two banks. The credit agreement supporting Series A notes is through JP Morgan Chase, and extends through December 2, 2017. The Series A has an aggregate available principal amount not to exceed approximately $214.8 million, which includes $200 million of principal together with approximately $14.8 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10 percent per annum. The credit agreement supporting Series C notes, through Wells Fargo Bank extends to December 2, 2017. The Series C has an aggregate available principal amount not to exceed approximately $161.1 million, which includes $150 million of principal together with $11.1 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10 percent per annum. The two commercial paper programs constitute an obligation subordinate to the City's general obligation bonds. Any advances for payments of commercial paper under the line of credit are secured by proceeds of the applicable portion of the tax levy as set forth in the Credit Agreements. During fiscal year 2017, $9.7 million was issued and $10.2 million was repaid. Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt.

E. Governmental Debt Service Requirements

The future debt service principal and interest payment requirements for the City's General Obligation Bonds, Tax and Revenue Certificates, and Pension Obligation Bonds at September 30, 2017 are as follows:

Fiscal Year	Principal	Interest	Total
2018	$ 135,753	$ 81,507	$ 217,260
2019	133,936	76,406	210,342
2020	123,756	71,291	195,047
2021	137,932	51,851	189,783
2022	137,838	44,980	182,818
2023-2027	552,319	206,804	759,123
2028-2032	248,297	187,560	435,857
2033-2035	74,826	102,004	176,830
Total	$ 1,544,657	$ 822,403	$ 2,367,060

Note 11. Long-Term Debt (continued)

The future principal and interest payment requirements for the City's long-term notes payable at September 30, 2017 are as follows:

Fiscal Year	Principal	Interest	Total
2018	$ 3,651	$ 902	$ 4,553
2019	3,044	795	3,839
2020	5,915	728	6,643
2021	5,958	606	6,564
2022	14,024	479	14,503
2023-2027	11,917	1,704	13,621
2028-2032	4,518	233	4,751
Total	$ 49,027	$ 5,447	$ 54,474

The remainder of this page intentionally left blank.

Note 11. Long-Term Debt (continued)

F. Business-Type Activities

The changes in the business-type activities long-term liabilities for the year ended September 30, 2017 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Dallas Water Utilities					
City of Dallas Waterworks and Sewer System					
Series 2006	$ 5,580	$ -	$ 5,580	$ -	$ -
Series 2007	82,835	-	43,905	38,930	38,930
Series 2008	10,840	-	3,435	7,405	3,610
Series 2009A	1,783	-	700	1,083	715
Series 2009B	6,925	-	465	6,460	475
Series 2009C	74,283	-	5,145	69,138	5,180
Series 2010	126,265	-	6,755	119,510	7,050
Series 2011	170,445	-	11,495	158,950	12,045
Series 2012	317,320	-	15,090	302,230	12,565
Series 2013	151,320	-	2,795	148,525	2,935
Series 2015	601,410	-	3,085	598,325	3,245
Series 2016	540,345	-	2,530	537,815	8,105
Series 2017	-	171,540	-	171,540	
Total Revenue Bonds Payable	2,089,351	171,540	100,980	2,159,911	94,855
Add: Unamortized Premium	189,708	24,726	17,393	197,041	-
Total Revenue Bonds of Water Utilities	2,279,059	196,266	118,373	2,356,952	94,855
Pension Obligation Bonds	49,931	-	1,543	48,388	1,678
Add: Net premium/discount	21,597	-	672	20,925	-
Add: Accretion	28,056	3,965	3,013	29,008	-
Total Water Utilities Bonds	2,378,643	200,231	123,601	2,455,273	96,533
Other liabilities:					
Commercial paper notes payable	48,322	165,670	195,492	18,500	-
Compensated absences payable	11,319	6,254	5,900	11,673	5,633
Other postemployment benefits	28,453	3,652	1,778	30,327	-
Net pension liability	427,999	131,287	363,050	196,236	-
Water transmission facilities financing agreement	455,820	-	9,866	445,954	9,254
Total other liabilities	971,913	306,863	576,086	702,690	14,887
Total long-term liabilities for Dallas Water Utilities	3,350,556	507,094	699,687	3,157,963	111,420
Convention Center					
Revenue Bonds					
Civic Center Refunding and Improvement	303,335	-	6,945	296,390	8,250
Add: Net premium/discount	(1,669)	-	(405)	(2,074)	-
Total Convention Center Revenue Bonds	301,666	-	7,350	294,316	8,250
Pension Obligation Bonds	3,551	-	110	3,441	120
Add: net premium/discount	1,541	-	48	1,493	-
Add: Accretion	2,002	283	215	2,070	-
Total Convention Center Bonds	308,760	283	7,723	301,320	8,370
Other liabilities:					
Compensated absences	773	469	400	842	406
Pollution remediation	59	-	-	59	37
Other postemployment benefits	1,938	538	137	2,339	-
Net pension liability	25,429	9,288	25,685	9,032	-
Total long-term liabilities for Convention Center	336,959	10,578	33,945	313,592	8,813

Note 11. Long-Term Debt (continued)

	Beginning Balance	Additions	Deletions*	Ending Balance	Due Within One Year
Airport Revenues					
General Airport Revenue Bonds 2015	$ 109,235	$ -	$ -	$ 109,235	$ -
General Airport Revenue Bonds 2017	-	116,850	-	116,850	-
Add: Net Premium/Discount	11,993	13,622	2,298	23,317	-
Total Airport Revenue Bonds	121,228	130,472	2,298	249,402	-
Pension Obligation Bonds	4,678	-	145	4,533	157
Add: Net Premium/Discount	2,024	-	63	1,961	-
Add: Accretion	2,629	372	282	2,719	-
Total Airport Bonds	130,559	130,844	2,788	258,615	157
Other Liabilities:					
Compensated absences	1,470	1,153	827	1,796	867
Note payable	266	-	266	-	-
Pollution remediation	455	239	49	645	189
Capital leases payable	73,899	-	1,034	72,865	1,095
Obligation for revenue credit agreement	439,105	-	7,340	431,765	7,710
Revenue credit agreement					
Net premium/discount	(4,328)	-	230	(4,558)	-
Other postemployment benefits	4,073	1,281	296	5,058	-
Net pension liability	52,872	17,789	49,192	21,469	-
Total other liabilities	567,812	20,462	59,234	529,040	9,861
Total long-term liabilities for Airport Revenues	698,371	151,306	62,022	787,655	10,018
Sanitation					
General Obligation Bonds					
2010C GO Refunding	7,905	-	966	6,939	947
Add: Net premium/discount	491	-	123	368	-
Total Sanitation General Obligation Bonds	8,396	-	1,089	7,307	947
Pension Obligation Bonds	16,323	-	505	15,818	549
Add: Net premium/discount	7,060	-	219	6,841	-
Add: Accretion	9,173	1,296	985	9,484	-
Total Sanitation Bonds	40,952	1,296	2,798	39,450	1,496
Other liabilities:					
Landfill closure/postclosure	35,931	4,314	29	40,216	266
Compensated absences	2,953	1,572	1,481	3,044	1,469
Other postemployment benefits	9,550	1,316	602	10,264	-
Net pension liability	135,742	42,953	118,778	59,917	-
Capital leases	-	20,788	3,161	17,627	4,802
Total other liabilities	184,176	70,943	124,051	131,068	6,537
Total long-term liabilities for Sanitation	225,128	72,239	126,849	170,518	8,033
Non-Major Business-Type					
Pension Obligation Bonds	9,098	-	281	8,817	306
Add: Net premium/discount	3,935	-	123	3,812	-
Add: Accretion	5,110	722	550	5,282	-
Total Non-Major Business-Type Bonds	18,143	722	954	17,911	306
Other liabilities:					
Compensated absences	2,374	1,535	1,510	2,399	1,158
Other postemployment benefits	4,943	925	325	5,543	-
Net pension liability	84,289	27,456	75,925	35,820	-
Total other liabilities	91,606	29,916	77,760	43,762	1,158
Total long-term liabilities for Non-Major Business-type Activities	109,749	30,638	78,714	61,673	1,464
Total Business-Type Activities - Long-Term Liabilities	$ 4,720,763	$ 771,855	$ 1,001,217	$ 4,491,401	$ 139,748

* Total additions capital leases includes $8,565 in items that were reclassified between amounts due to other funds and capital leases payable.

Note 11. Long-Term Debt (continued)

G. Water Works and Sewer System Revenue Bonds and Pension Obligation Bonds

In August 2017, Dallas Water Utilities issued Waterworks and Sewer System Revenue Refunding Bonds Series 2017 of $171.5 million with a premium of $24.7 million and interest rates ranging from 4.00 percent to 5.00 percent. Final maturity will occur on October 1, 2047. The bonds were issued to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects.

The Waterworks and Sewer System debt service fund provides for the payment of principal and interest on the water department outstanding revenue bonds. Operating revenues from water operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Water Operating Fund to the debt service fund to meet annual principal and interest obligations. Pension Obligation bonds are paid through increased contributions to the debt service fund. The Water Works and Sewer System bonds outstanding as of September 30, 2017 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
613 Rev Bonds	2018	4.00% - 5.00%	38,930
619 Rev Bonds	2019	4.00% - 5.00%	7,405
624 Rev Bonds	2019	0.423% - 2.877%	1,083
625 Rev Bonds	2029	1.303% - 2.877%	6,460
626 Rev Bonds	2029	0.148% - 3.018%	69,138
630 Rev Bonds	2040	3.00% - 5.00%	119,510
634 Rev Bonds	2041	3.00% - 5.00%	158,950
636 Rev Bonds	2042	0.595% - 5.00%	302,230
639 Rev Bonds	2043	2.00% - 5.00%	148,525
9712 Rev Bonds	2045	1.00%-5.00%	598,325
1727 Rev Bonds	2046	3.00%-5.00%	537,815
W208 Rev Bonds	2047	4.00%-5.00%	171,540
Total Revenue Bonds			2,159,911
Pension Obligation Bonds	2035	0.295% - 5.48%	48,388
Total Outstanding			$ 2,208,299

Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay $2.2 billion in water and wastewater system revenue bonds, of which $172 million was issued during the current fiscal year and the remaining balance in prior fiscal years. Proceeds from the bonds provided financing for capital assets. The bonds are payable solely from water customer net revenues and are payable through fiscal year 2047. Net revenues, as defined in the bond documents, for each year are expected to be at least equal to 1.25 times the principal and interest requirements of all outstanding previously issued bonds and additional bonds for the year. The total principal and interest remaining to be paid on the bonds at September 30, 2017 is $3.4 billion. Principal and interest paid during fiscal year 2017 were $101 million and $80 million, respectively.

The remainder of this page intentionally left blank.

Note 11. Long-Term Debt (continued)

H. Convention Center (Revenue Bonds and Pension Obligation Bonds)

The 7 percent Hotel Occupancy Tax, operating revenues of the Convention Center Complex, and interest earned on cash balances in the bond reserve and debt service funds are pledged for repayment of the debt. Pension Obligation Bonds are paid through increased contributions to the Debt Service Fund. Additionally, the City has covenanted to provide the payment of operating and maintenance expenses of the Convention Center Complex, should a shortfall in Convention Center revenues occur. Revenue from the Convention Center operating fund is transferred to the debt service fund to meet annual principal and interest payments. The Convention Center bonds outstanding as of September 30, 2017 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Civic Center Convention Complex	2038	3.00% - 5.25%	$ 296,390
Pension Obligation Bonds	2035	0.295% - 5.48%	3,441
Total Outstanding			$ 299,831

I. Airport Revenues (General Airport Revenue Bonds and Pension Obligation Bonds)

During December 2016, the Love Field Airport Modernization Corporation (LFAMC) issued $116.85 million in General Airport Revenue Bonds, Series 2017 with a premium of $13.6 million. The stated rate on the bonds is 5 percent with a final maturity on November 1, 2036. Proceeds from the sale of the Bonds will be used to complete the design and construction costs of an approximately 5,000 space parking garage and related improvements to increase public parking capacity at Love Field Airport, fund approximately 22 months of capitalized interest, which is intended to cover the period commencing with the date of issuance of the Bonds through 12 months following substantial completion of construction of the project, fund a bond debt service reserve fund, and pay cost of issuance.

In a previous year, the Love Field Airport Modernization Corporation (LFAMC) issued $109.2 million in General Airport Revenue Bonds, Series 2015 with a premium of $13.6 million. The stated interest rate on the bonds is 5 percent with a final maturity on November 1, 2035. Proceeds from the sale of the Bonds will be used to fund design and construction costs of an approximately 5,000 space parking garage and related improvements to increase public parking capacity at Love Field Airport, fund approximately 27 months of capitalized interest (which is intended to cover the period commencing with the date of issuance of the Bonds through 12 months following substantial completion of construction of the parking garage, fund a bond debt service reserve fund, and pay cost of issuance for the bonds.

Pension Obligation bonds are paid through increased contributions to the Debt Service Fund. Operating revenues from Airport operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Airport operating fund to the debt service fund to meet annual principal and interest obligations.

Airport revenue and pension obligation bonds outstanding as of September 30, 2017 are as follows:

	Final Maturity	Interest Rates	Amount
General Airport Revenue Bonds 2015	2036	5.00%	$ 109,235
General Airport Revenue Bonds 2017	2036	5.00%	$ 116,850
Pension Obligation Bonds	2035	0.295% - 5.48%	4,533
Total			$ 230,618

J. Airport Revenues Conduit Debt and Revenue Credit Agreement

The Love Field Airport Modernization Corporation (LFAMC), a Texas non-profit “local government corporation” and blended component unit of the City, issued $310 million in Special Facilities Revenue Bonds during November 2010, and $146.26 million in May 2012. The bonds were issued to finance the acquisition, construction, expansion, installation and equipping of certain capital improvements at Dallas Love Field Airport. Major construction commenced during fiscal year 2010 and was substantially completed during fiscal year 2015.

Note 11. Long-Term Debt (continued)

Prior to the issuance of the bonds, the City entered into two separate funding agreements with an airline carrier: (1) a "Facilities Agreement" pursuant to which the airline carrier is obligated to make debt service payments on the principal and interest amounts associated with the bonds (Facilities Payments), less other sources of funds the City may apply to the repayment of the bonds (including, but not limited to, passenger facility charges collected from passengers originating from Love Field Airport); and (2) a "Revenue Credit Agreement" pursuant to which the City will reimburse the airline carrier for the Facilities Payments made by the carrier.

A majority of the monies transferred from the City to the airline carrier under the Revenue Credit Agreement are expected to originate from a reimbursement account created in a "Use and Lease Agreement" between the City and the airline carrier. The Use and Lease Agreement is a 20-year agreement providing for, among other things, the lease of space at the Airport from the City. The remainder of such monies transferred from the City to the airline carrier under the Revenue Credit Agreement is expected to originate from (1) use and lease agreements with other airlines, (2) various concession agreements, and (3) other miscellaneous revenues generated at Love Field Airport.

All of the assets ultimately acquired by the bonds belong to the City at the time of acquisition pursuant to an Agreement for Donation and Assignment entered into between the City and the airline carrier. The bonds are a special obligation for which the airline carrier has guaranteed the principal and interest payments on the bonds, payable solely from the facilities payments to be made pursuant to the terms of the Special Facilities Agreement and other funds constituting the trust estate under the indenture, including any amounts received under the guaranty. The bonds do not constitute a debt or pledge of the faith and credit of the LFAMC, the City, the County, or the State of Texas, and accordingly have not been reported in the accompanying financial statements. At September 30, 2017, the Special Facilities Revenue Bonds outstanding was $427 million.

K. Airport Revenues Obligation for Revenue Credit Agreement

The revenue credit agreement entered into between the City and the airline carrier was made possible as a result of the rate making provisions of the Airport Use and Lease Agreement which provide for the annual calculation of airline rates and charges sufficient to recover among other things, debt service on the bonds. While the crediting back of money to the airline carrier under the revenue credit agreement will be done pursuant to a contractual agreement between the City and the airline carrier, such revenue credits are not pledged to the payment of debt service on the Bonds. The City has determined the obligation under the revenue credit agreement to be a liability, and accordingly has recorded the obligation in the accompanying financial statements. The interest rates for the obligation range between 4.39 percent to 5.48 percent, and the obligation will be amortized over a period of 30 years. The balance of the obligation for the revenue credit agreement was $432 million less the net premium/discount of $5 million for a total balance of $427 million, at September 30, 2017. The schedule of principal and interest payments required for the obligation is provided below (in thousands):

	Airport Revenue - LFAMC		
	Obligation for Revenue Credit Agreement		
Fiscal Year	Principal	Interest	Total
2018	$ 7,710	$ 22,086	$ 29,796
2019	8,095	21,690	29,785
2020	8,500	21,318	29,818
2021	8,840	20,927	29,767
2022	9,280	20,474	29,754
2023-2027	53,845	94,742	148,587
2028-2032	88,880	77,426	166,306
2033-2037	122,930	49,262	172,192
2038-2041	123,685	13,402	137,087
Total	$ 431,765	$ 341,327	$ 773,092

Note 11. Long-Term Debt (continued)

L. Sanitation Enterprise Fund (General Obligation Bonds and Pension Obligation Bonds)

The Sanitation fund provides for the payment of principal and interest on a portion of the 2010 General Obligation Refunding Bonds and the Pension Obligation Bonds, which are paid through increased contributions to the Debt Service Fund. The bonds outstanding as of September 30, 2017 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series 631 General Obligation Bonds	2023	3.0% to 5.0%	$ 6,939
Pension Obligation Bonds	2035	0.295% - 5.48%	15,818
Total Outstanding			$ 22,757

M. Non-Major Enterprise Fund (Pension Obligation Bonds)

The non-major enterprise funds provide for the payment of principal and interest on a portion of Pension Obligation Bonds, which are paid through increased contributions to the Debt Service Fund. The bonds outstanding as of September 30, 2017 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Pension Obligation Bonds	2035	0.295% - 5.48%	$ 8,817

N. Business-Type Activities Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2017 for the business-type activities Revenue Bonds and Pension Obligation Bonds are as follows:

	Dallas Water Utilities					
	Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2018	$ 94,855	$ 86,272	$ 181,127	$ 1,678	$ 4,863	$ 6,541
2019	101,803	85,954	187,757	1,622	5,117	6,739
2020	101,010	82,836	183,846	1,610	5,322	6,932
2021	104,430	79,415	183,845	5,559	1,575	7,134
2022	109,375	75,746	185,121	6,081	1,281	7,362
2023-2027	431,300	323,792	755,092	18,466	23,146	41,612
2028-2032	384,823	237,408	622,231	7,548	41,487	49,035
2033-2037	404,810	146,716	551,526	5,824	27,298	33,122
2038-2042	294,140	63,349	357,489	-	-	-
2043-2047	133,365	12,488	145,853	-	-	-
Total	$ 2,159,911	$ 1,193,976	$ 3,353,887	$ 48,388	$ 110,089	$ 158,477

Note 11. Long-Term Debt (continued)

	Convention Center					
	Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2018	$ 8,250	$ 15,232	$ 23,482	$ 120	$ 347	$ 467
2019	8,665	14,820	23,485	116	365	481
2020	9,095	14,386	23,481	115	380	495
2021	9,550	13,932	23,482	397	112	509
2022	10,030	13,454	23,484	434	91	525
2023-2027	58,185	59,228	117,413	1,305	1,652	2,957
2028-2032	74,375	43,038	117,413	539	2,961	3,500
2033-2037	95,930	21,482	117,412	415	1,948	2,363
2038-2042	22,310	1,171	23,481	-	-	-
Total	$ 296,390	$ 196,743	$ 493,133	$ 3,441	$ 7,856	$ 11,297

	Airport Revenues					
	General Airport Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2018	$ -	$ 11,304	$ 11,304	$ 157	$ 456	$ 613
2019	3,885	11,207	15,092	152	479	631
2020	8,230	10,904	19,134	151	499	650
2021	8,640	10,483	19,123	521	148	669
2022	9,075	10,040	19,115	570	120	690
2023-2027	52,650	42,739	95,389	1,730	2,169	3,899
2028-2032	67,195	27,829	95,024	707	3,888	4,595
2033-2035	76,410	9,035	85,445	545	2,558	3,103
Total	$ 226,085	$ 133,541	$ 359,626	$ 4,533	$ 10,317	$ 14,850

	Sanitation					
	General Obligation Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2018	$ 947	$ 302	$ 1,249	$ 549	$ 1,590	$ 2,139
2019	824	267	1,091	530	1,673	2,203
2020	821	234	1,055	526	1,740	2,266
2021	1,912	170	2,082	1,817	515	2,332
2022	1,606	82	1,688	1,988	419	2,407
2023-2027	829	21	850	6,036	7,567	13,603
2028-2032	-	-	-	2,468	13,563	16,031
2033-2035	-	-	-	1,904	8,924	10,828
Total	$ 6,939	$ 1,076	$ 8,015	$ 15,818	$ 35,991	$ 51,809

The remainder of this page intentionally left blank.

Note 11. Long-Term Debt (continued)

Non-Major Enterprise Funds			
Pension Obligation Bonds			
Fiscal Year	Principal	Interest	Total
2018	$ 306	$ 886	$ 1,192
2019	295	932	1,227
2020	293	969	1,262
2021	1,012	287	1,299
2022	1,107	233	1,340
2023-2027	3,362	4,215	7,577
2028-2032	1,375	7,555	8,930
2033-2037	1,067	4,971	6,038
Total	$ 8,817	$ 20,048	$ 28,865

O. Discretely Presented Component Unit Debt Service Requirements

The changes in the DDDA discretely presented component unit's long- term liabilities for the year ended September 30, 2017 are as follows:

	Balance 09/30/16	Additions	Deletions	Balance 09/30/17	Due Within One Year
Tax Increment Revenue Bonds					
Series 2006	$ 39,300	$ -	$ 2,161	$ 37,139	$ 2,267
Series 2007	25,216	-	608	24,608	448
Total Bonds	64,516	-	2,769	61,747	2,715
Accretion	32,290	4,159	2,346	34,103	-
Total Bonds	$ 96,806	$ 4,159	$ 5,115	$ 95,850	$ 2,715

The changes in the Dallas Convention Center Hotel Development Corporation discretely presented component unit's long-term liabilities for the year ended December 31, 2016 are as shown on the following page.

The remainder of this page intentionally left blank.

Note 11. Long-Term Debt (continued)

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16	Due Within One Year
2009A Current Interest Bonds	$ 62,530	$ -	$ -	$ 62,530	$ -
2009A Capital Appreciation Bonds	11,881	-	-	11,881	-
2009B Taxable Build America Bonds	388,175	-	-	388,175	-
2009C Taxable Bonds	13,535	-	5,790	7,745	7,415
Total Revenue Bonds	476,121	-	5,790	470,331	7,415
Add: Unamortized Premium	469	-	93	376	-
Less: Unamortized Discount	(226)	-	(33)	(193)	-
Add: Accretion on Capital Appreciation Bonds	5,406	1,056	-	6,462	-
Key Money Payable	6,000	-	100	5,900	1,200
Total Long-Term Debt	$ 487,770	$ 1,056	$ 5,950	$ 482,876	$ 8,615

The DDDA discretely presented component unit has issued tax increment bonds that are payable solely from the pledged tax increments of the zone. The tax increment bonds outstanding as of September 30, 2017 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series DDDA - Series 2006	2036	5.25% - 5.66%	$ 37,139
Series DDDA - Series 2007	2036	5.49% - 6.28%	24,608
Total Outstanding			$ 61,747

The Dallas Convention Center Hotel Development Corporation discretely presented component unit bonds outstanding as of December 31, 2016 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
2009A Current Interest Bonds	2024	4.25% - 5.25%	$ 62,530
2009A Capital Appreciation Bonds	2026	5.43% - 6.46%	11,881
2009B Taxable Build America Bonds	2042	7.09%	388,175
2009C Taxable Bonds	2018	4.99% - 5.58%	7,745
Total Outstanding			$ 470,331

The debt service principal and interest payment requirement to maturity at September 30, 2017 for the DDDA discretely presented component unit activities tax increment financing bonds and at December 31, 2016 for the Dallas Convention Center Hotel Development Corporation bonds are as follows:

	DDDA			Calendar	Dallas Convention Center Hotel Development Corporation		
Fiscal Year	Principal	Interest	Total	Year	Principal	Interest	Total
2018	2,715	4,059	$ 6,774	2017	$ 7,415	$ 30,907	$ 38,322
2019	2,753	4,416	7,169	2018	5,437	33,355	38,792
2020	2,749	4,750	7,499	2019	8,435	30,471	38,906
2021	3,208	4,600	7,808	2020	9,125	30,041	39,166
2022	3,243	4,914	8,157	2021	9,890	29,558	39,448
2023-2027	13,696	28,077	41,773	2022-2026	49,899	151,969	201,868
2028-2032	17,062	30,172	47,234	2027-2031	82,335	120,878	203,213
2033-2036	16,321	23,288	39,609	2032-2036	112,230	86,603	198,833
Total	$ 61,747	$ 104,276	$ 166,023	2037-2041	150,145	40,364	190,509
				2042	35,420	1,255	36,675
				Total	$ 470,331	$ 555,401	$ 1,025,732

Note 11. Long-Term Debt (continued)

P. Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2017:

	Date of Authorization	Amount Authorized	Amount Unissued
2006 Capital Improvement Program	11/7/2006	$ 1,338,940	$ 66,044
2012 Capital Improvement Program	11/6/2012	642,000	51,396
Total		$ 1,980,940	$ 117,440

Q. Compliance with Debt Covenants

For the year ended September 30, 2017, management of the City believes that it was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

R. Dallas Water Utilities Commercial Paper Notes

The commercial paper program constitutes an obligation subordinate to the Waterworks and Sewer System revenue bonds. Any advances made by credit providers for payments of commercial paper under the line of credit are secured by water and wastewater pledged revenues.

The commercial paper notes Series D are supported by two liquidity agreements through two banks. The liquidity agreements supporting the Sub-Series D-1 and Sub-Series D-2 notes are through State Street Bank and Trust Company and Bank of America N.A., respectively, and extend to January 8, 2018. The Sub-Series D-1 notes have an aggregate available principal amount not to exceed $241.6 million, which includes $225 million of principal together with approximately $16.6 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum. The Sub-Series D-2 notes have an aggregate available principal amount not to exceed $80.5 million, which includes $75 million of principal together with approximately $5.5 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum.

The commercial paper notes Series E are supported by a liquidity agreement with JPMorgan Chase Bank, N.A., and extend to September 30, 2017. The Series E notes have an aggregate available principal amount not to exceed $322.2 million, which includes $300 million of principal together with approximately $22.2 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum. On September 13, 2017, City Council approved the extension of the existing liquidity agreement with JPMorgan Chase Bank, N.A. through September 30, 2019.

During fiscal year 2017, $165.7 million was issued and $195.5 million was repaid. Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt.

S. Dallas Water Utilities Obligation for Water Transmission Facilities Financing Agreement

Tarrant Regional Water District (TRWD), a water control and improvement district and political subdivision of the State of Texas, issued Water Facilities Contract Revenue Bonds in February 2012 in the amount of $131.9 million, in January 2014 in the amount of $202.1 million, and in December 2015 in the amount of $140 million. The bonds were issued to finance the DWU share of costs for designing, acquiring, constructing, improving, repairing, rehabilitating, and or replacing water transmission facilities capable of delivering additional raw water supply to the customers of the DWU and TRWD for their respective customers (the Project). The Project is tentatively scheduled to be completed in 2025. The City's share of the total cost of the Project is estimated to be $977.5 million. Upon completion of the Project, DWU will have reserved capacity rights in the amount of 150 million gallons per day. Depending on the timing of construction, additional bonds are expected to be issued throughout the construction period.

Note 11. Long-Term Debt (continued)

In order to ensure adequate funding from Dallas Water Utilities for the payment of principal and interest, the City entered into a separate funding agreement with TRWD, a Water Transmission Facilities Financing Agreement (the Agreement). Under this Agreement, the City is obligated to make payments to TRWD for the principal and interest amounts associated with the bonds. The Agreement establishes through State statutes that those payments will be treated as operating and maintenance expenses. The treatment of payments to TRWD as operating and maintenance expenses is only being applied to the Schedule of Revenue Bond Coverage for the Dallas Water Utilities and for purposes of establishing rates.

The Agreement establishes that TRWD shall own and operate the Project, subject to Dallas' reserve capacity rights in the Project. The bonds are a special obligation of TRWD. Principal and interest are secured by, and payable solely from, payments to be received by TRWD from the City to the extent required and provided in the Agreement. The bonds do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At September 30, 2017, the TRWD Water Facilities Contract Revenue Bonds outstanding were $447 million.

The City has determined the obligation under the Agreement to be a liability to the extent that such obligations are for the payment of bonds issued to fund Dallas Water Utilities' share of costs for the Project. The City has capitalized the development of an intangible asset, Pipeline Reserve Capacity Rights, in Construction in Progress for the actual Project costs incurred by TRWD. The unspent proceeds held by TRWD for future construction costs have been recorded in Other Noncurrent Assets – Future Pipeline Reserve Capacity Rights. The interest rates for the obligation range from 0.45 percent to 6.0 percent. The obligation will be amortized over a period of 30 years. The balance of the obligation for the Agreement was $446 million at September 30, 2017. The schedule of principal and interest payments required for the obligation is provided below:

Fiscal Year	Principal	Interest	Total
2018	$ 9,254	$ 16,385	$ 25,639
2019	10,370	17,488	27,858
2020	10,660	17,081	27,741
2021	10,955	16,653	27,608
2022	11,285	16,204	27,489
2023-2027	62,755	73,849	136,604
2028-2032	76,045	61,874	137,919
2033-2037	93,655	45,499	139,154
2038-2042	116,000	24,072	140,072
2043-2045	44,975	2,994	47,969
Total	$ 445,954	$ 292,099	$ 738,053

Note 12. Leases

A. As Lessee

As lessee, the City is committed under various leases for building and office space, data processing, and communications equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the fiscal year ended September 30, 2017, amounted to $4.5 million.

Future minimum lease payments for these leases are as follows:

Year Ending September 30	Total Rental Payments	Governmental Activities	Business-Type Activities
2018	$ 3,629	$ 2,922	$ 707
2019	3,017	2,707	310
2020	2,762	2,441	321
2021	2,488	2,156	332
2022	1,974	1,631	343
2023-2027	3,266	1,366	1,900
2028-2032	1,592	58	1,534
Thereafter	410	230	180
Minimum Future Rentals	$ 19,138	$ 13,511	$ 5,627

Note 12. Leases (continued)

The City is also committed under capital leases for the purchase of computer equipment, vehicles and heavy equipment, parking garages, and a parking lot. The liability for future capital lease payments totals $150 million. Future minimum lease payments for capital leases including interest and principal are as shown below.

Fiscal Year	Total Rental Payments	Governmental Activities	Business-Type Activities
2018	$ 28,328	$ 18,088	$ 10,240
2019	22,141	12,186	9,955
2020	18,710	9,698	9,012
2021	14,923	6,954	7,969
2022	12,784	5,693	7,091
2023-2027	36,869	10,952	25,917
2028-2032	25,917	-	25,917
Thereafter	67,635	-	67,635
Total minimum future lease payments	227,307	63,571	163,736
Less: Amount representing interest	(77,250)	(4,006)	(73,244)
Present value of net minimum lease payments	$ 150,057	$ 59,565	$ 90,492

Analysis of the City's investments in capital assets under capital lease arrangements as of September 30, 2017 is as follows:

	Governmental Activities	Business-Type Activities
Building and equipment	$ 82,652	$ 6,480
Land	-	75,270
Less: Accumulated depreciation	(25,129)	(1,606)
Total	$ 57,523	$ 80,144

B. As Lessor

The City is also under several lease agreements as lessor whereby it receives revenues from leasing airport terminal space, hangars, parking spaces, ramps, land, buildings, and office space to air carriers and other tenants. These revenue leases are considered for accounting purposes to be operating leases. Additionally, other City departments receive revenues under various agreements for the operation of concessions. Most of these revenues are determined based on various percentages of gross sales for the concessions.

Revenues for the fiscal year ended September 30, 2017 were $55.8 million. The following is a schedule of minimum future rentals on non-cancelable operating leases as of September 30, 2017:

Year Ending September 30	Governmental Activities	Dallas Water Utilities	Convention Center	Airport Revenues	Total
2018	$ 1,450	$ 87	$ 919	$ 31,212	$ 33,668
2019	614	46	919	30,886	32,465
2020	614	46	919	30,347	31,926
2021	613	43	919	30,057	31,632
2022	603	41	940	23,498	25,082
2023-2027	1,120	207	4,158	87,071	92,556
2028-2032	369	207	4,076	18,907	23,559
Thereafter	332	41	16,517	5,101	21,991
Minimum Future Rentals	$ 5,715	$ 718	$ 29,367	$ 257,079	$ 292,879

The above amounts do not include contingent rentals of the Airport Revenues fund, which may be received under certain leases; such contingent rentals received totaled $357 thousand in fiscal year 2017.

Note 12. Leases (continued)

Analysis of the Airport Revenues fund investment in property under operating lease arrangements as of September 30, 2017 is as follows:

Building	$ 503,423
Land	16,314
Subtotal	519,737
Less: Accumulated depreciation	(142,958)
Total	$ 376,779

Note 13. Defeasance of Debt

In current and prior years, the City legally defeased certain outstanding general obligation and enterprise revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments of the refunded bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's basic financial statements.

As of September 30, 2017, the City had a total of $251 million defeased outstanding General Obligation Bonds and $771 million defeased outstanding water and sewer revenue bonds. The bonds defeased during the fiscal year are as follows:

	9/30/2016	Additions	Deletions	9/30/2017
General Obligation Bonds	$ 303,355	$ -	$ 52,845	$ 250,510
Water and Sewer Revenue Bonds	770,920	-	-	770,920
Total	$ 1,074,275	$ -	$ 52,845	$ 1,021,430

Note 14. Risk Management – Estimated Claims and Judgments Payable

The City is self-insured for all third-party general liability claims. Claims adjusting services are provided by the City's internal staff. Interfund premiums are based primarily upon the insured funds' claims experience and exposure, and are reported as cost reimbursement interfund transactions. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and, if probable and material, salvage and subrogation.

All known City property, primarily buildings and contents, is insured through commercial insurance policies, subject to a $750 thousand deductible per loss occurrence. The amount of settlements have not exceeded the deductible loss per occurrence for the past three fiscal years.

The City is self-insured for workers' compensation claims that occurred prior to October 1, 1999. Effective October 1, 1999 through January 31, 2013, the City was insured for workers' compensation losses in excess of $750 thousand per occurrence. Effective February 1, 2013, the City was insured for workers' compensation losses in excess of $1 million per occurrence. Effective February 1, 2016, the City is insured for workers' compensation losses in excess of $1.5 million per occurrence. Claims adjusting services are provided by an independent "administrative services" contractor. Workers' compensation premiums are based primarily upon the insured funds' claims experience and exposure, and are reported as cost reimbursement interfund transactions.

All workers' compensation losses are accumulated in a clearing fund which is being reimbursed by the premiums collected. When losses exceed premiums, the deficiencies are prorated and supplemented by the various applicable funds. Accrued workers' compensation liability consists of incurred but not reported as well as unpaid reported claims of which $36.5 million at September 30, 2017, is recorded in the risk funds. Of this amount, $6.7 million is estimated to be payable in the next fiscal year.

The City maintains a group health insurance plan for employees and dependents which is self-insured by the City. The City also offers enrollment in one health maintenance organization as an alternative. Premiums are determined based on the annual budget. The City also maintains a group life insurance plan which offers term-life and accidental death and dismemberment for employees and dependents. The City is fully insured for employee term-life. Health claims and claims incurred but not reported that are probable and can be reasonably estimated are accrued in the accompanying basic financial statements at September 30, 2017, in the amount of $7.8 million in the risk funds.

Note 14. Risk Management – Estimated Claims and Judgments Payable (continued)

At September 30, 2017, the City estimates its general liability at $79.8 million, of which $69.5 million is estimated to be payable in the next fiscal year. The general liability includes $8.2 million for automobile and general liability and $71.6 million for probable claims and lawsuits.

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	Workers' Compensation		Health		General Liability *	
	2017	2016	2017	2016	2017	2016
Unpaid claims, beginning of year	$ 35,416	$ 37,015	$ 7,183	$ 6,713	$ 20,448	$ 17,330
Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates	18,718	8,950	74,090	70,021	68,773	7,923
Claim payments	(15,882)	(8,611)	(80,369)	(75,422)	(6,471)	(4,455)
Changes to prior year estimates (IBNR)	(1,766)	(1,938)	6,913	5,871	(2,996)	(350)
Unpaid claims, end of year	$ 36,486	$ 35,416	$ 7,817	$ 7,183	$ 79,754	$ 20,448

Note 15. Accrued Landfill Liability

The City owns and operates the McCommas Bluff landfill located in the southern portion of the City. The developed 409.2 acres of the landfill has an estimated remaining useful life of 1 year. The undeveloped 493.2 acres of the landfill has an estimated useful life of 29 years. Closure and post-closure care of this landfill is subject to the requirements of Subtitle D of the Resource Conservation and Recovery Act (P.L. 94-580) and Sections 330.250-256 of Title 30 of the Texas Administrative Code administered by the Texas Commission on Environmental Quality (TCEQ). These regulations require the City to place a final cover on each cell of the landfill when it ceases to accept waste, and perform certain maintenance and monitoring functions for thirty years after the closure of each cell.

Because final contours have not been achieved, the City has not yet initiated closure of any of this landfill or incurred closure expenses. Therefore, the estimated $34.9 million liability for closure/post-closure care is based on 86.9 percent of the capacity of the developed landfill subject to TCEQ regulations--none of which is expected to be paid from current available resources.

The City also owns and operates three transfer stations. The estimated post closure cost is $233.7 thousand for the transfer stations at September 30, 2017.

The estimated total liability of $40.2 million is based on current dollar average cost per acre calculations for this specific landfill as originally provided by consulting firms and has been revised annually by the City to accommodate inflation, deflation, technology, and developmental or regulation changes. In accordance with the provisions of Codification of Governmental Accounting and Financial Reporting Standards, Section L10, "Landfill Closure and Post Closure Care Costs," the City has recorded a closure and post-closure liability of $35.1 million as a long-term liability. Closure and post-closure care are funded through current general fund revenues generated by landfill operations. Effective April 9, 1997, Sections 330.280-284 of Title 30 of the Texas Administrative Code (TAC) require landfill owners to demonstrate financial assurance on an annual basis that they will have sufficient financial resources to satisfy closure and post-closure care expenditures at such time as these become payable.

The City also owns the Deepwood & Loop 12 landfill located at South Miller Road, southwest of Loop 12. This landfill is closed. The estimated total liability for post closure care costs for the entire 47 acres of the closed landfill (132 acres of the Landfill Property) is estimated to be $5.1 million during the next 19 years, of which $266.2 thousand is due within one year.

The total closure and post-closure liability for both landfills and the three transfer stations at September 30, 2017 is $40.2 million.

Note 16. Pollution Remediation

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) is the State regulatory agency that regulates all projects being reported. The method used to calculate the liability is the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2017, the total environmental remediation liability is $4.96 million and $1.27 million is estimated to be paid in fiscal year 2017. At this time, the City is unable to estimate any recoveries to reduce the liability. The specific issues related to the City's remediation efforts include:

The City is managing 13 sites that are regulated by the Texas Risk Reduction Program, Texas Administrative Code (TAC) Ch. 350:

1. For the first site, the City has investigated the environmental impact from two permitted closed landfills and conducted remediation as required. TCEQ communication has been ongoing. Additional activities include preparing response action completion report for submittal to TCEQ, requesting conditional closure, groundwater monitoring, methane monitoring, and cap inspections. The estimated cost for this project is $2.4 million and $92 thousand is expected to be paid in fiscal year 2018.
2. For the second site, the City conducted groundwater monitoring and product recovery activities. During the reporting period, the Leaking Petroleum Storage Tank (LPST) case obtained closure and the site was entered into the TCEQ Voluntary Cleanup Program (VCP) to address the chlorinated solvent plume in groundwater. The Municipal Setting Designation (MSD) application and Affected Property Assessment Report (APAR) are being prepared. Additional activities include groundwater monitoring, obtaining an MSD, and reporting. The estimated cost for this project is $256 thousand, with $85 thousand expected to be paid in fiscal year 2017.
3. For the third site, the City has completed Phase I and Phase II Environmental Site Assessments (ESA), addressed groundwater with an MSD, and excavated a portion of metal impacted soils. During the reporting period, an APAR was completed and TCEQ communication and responses have been ongoing. Future response action includes preparing a Response Action Plan (RAP) for TCEQ and installing a clay cap. The estimated cost for this project is $476 thousand and $10 thousand is expected to be paid in fiscal year 2018.
4. For the fourth site, the City conducted pre-demolition environmental investigation in the building including testing for metals dust, asbestos containing material, lead, and mold and in the subsurface at a former Aviation Tenant property with the expectation to lease in the future. During the reporting period, conditional closure was obtained from TCEQ and oversight of development activities by the tenant in the building and subsurface was conducted. Activities in the current period include ongoing oversight of development activities by the tenant in the building and subsurface and obtaining TCEQ approval of activities. The estimated cost for this project is $592 thousand and $162 thousand is expected to be paid in fiscal year 2018.
5. For the fifth site, the City completed a Phase II ESA as part of pre-acquisition due diligence. Additional activities include groundwater monitoring and reporting. These activities are expected to be complete in fiscal year 2018. The estimated cost for this project is $59 thousand and $37 thousand is expected to be paid in fiscal year 2018.
6. For the sixth site, the City has completed Phase I and Phase II ESAs, hydraulic lift removal, asbestos abatement, and removal of impacted soil as part of construction of a new fire station. Additional activities include submitting an application to the TCEQ VCP, obtaining an MSD and reporting to TCEQ. The estimated cost for this project is $67 thousand and no costs are estimated for fiscal year 2018 because the estimates and scope of work are pending from the consultant.
7. For the seventh site, the City has completed Phase I and II ESAs. During the reporting period, subsurface investigation was completed and the MSD and APAR were prepared. Additional activities expected to be completed in the current period include obtaining the MSD and reporting to TCEQ. The estimated cost for this project is $112 thousand and $50 thousand is expected to be paid in fiscal year 2018.
8. For the eighth site, the City has completed Phase I and II ESAs. During the reporting period, the MSD certification was obtained, subsurface investigation was completed, and the APAR was submitted to TCEQ. Additional activities expected to be completed in the current period include responding to TCEQ comments, preparing a response action completion report, and obtaining closure. The estimated cost for this project is $12 thousand and all is expected to be paid in fiscal year 2018.
9. For the ninth site, the City has completed Phase I and II ESAs as part of due diligence activities. Additional activities expected to be completed in the current period include subsurface investigation, excavation of impacted soil, and reporting. The estimated cost for this project is $275 thousand and all is expected to be paid in fiscal year 2018.

Note 16. Pollution Remediation (continued)

10. For the tenth site, the City has completed Phase I and II ESAs as part of due diligence before leasing the property to be developed as an urban farm. During the reporting period, the VCP application was prepared and MSD application started. Additional activities to be completed in the current period include entering the site in VCP, obtaining an MSD, and reporting to TCEQ. The estimated cost for this project is $143 thousand and $95 thousand is expected to be paid in fiscal year 2018.
11. For the eleventh site, the City has completed Phase I and II ESAs as part of due diligence prior to executing a lease to own agreement. Additional activities are expected to include additional investigation and reporting to TCEQ. The estimated cost for this project is $26 thousand and no costs are expected in 2018 because the property will not be occupied until after fiscal year 2018.
12. For the twelfth site, the City has completed a Phase II ESA. During the reporting period, subsurface investigation was completed, the site was entered in VCP, and an APAR was submitted to TCEQ. Additional activities expected to be completed in the current period include responding to TCEQ comments and preparing a RAP. The estimated cost for this project is $10 thousand and all is expected to be paid in fiscal year 2018. An estimate for additional costs and scope is pending from the consultant.
13. For the thirteenth site, the City has completed Phase I and II ESAs as part of due diligence for this property within Love Field Airport. During the reporting period, the Site was entered into VCP and an APAR was prepared. Additional activities are expected to include reporting to TCEQ. The estimated cost for this project is $27 thousand and all is expected to be paid in fiscal year 2018.

The City is also managing environmental corrective action at one leaking petroleum storage tank sites. Activities at these sites are conducted in compliance with the rule for Underground and Aboveground Storage Tanks, TAC Ch 334:

1. For the first site, the City completed Phase I and Phase II ESAs, asbestos abatement, removal of underground storage tanks and remaining subsurface components of a hydraulic lift, product recovery, installation of additional monitor wells, groundwater monitoring, and entered the site into LPST program. During the reporting period, reporting to TCEQ was completed and discussions about closure are ongoing with TCEQ. Additional activities include obtaining closure and all activities are expected to be completed in the current period. The estimated cost for this project is $91 thousand, with $3 thousand expected to be paid in fiscal year 2018.

The City is also managing testing and removal of asbestos containing materials at one site in compliance with Texas Asbestos Health Protection Rules, TAC Ch 295:

1. The City conducted an asbestos survey prior to redevelopment of the structure. Additional activities include asbestos abatement. The estimated cost for this project is $413 thousand and all activities are expected to be completed in fiscal year 2018.

Note 17. Pension Plans

A. Plan Descriptions

The City participates in funding three single employer, contributory, defined benefit employee pension plans. Membership is a condition of employment for all full-time, permanent employees. The activities of the entities as of December 31, 2016 are reported in the City's Pension Trust Funds. Descriptions of each plan are as follows:

Employees' Retirement Fund (ERF): The legal authority for this plan is Chapter 40A of the Dallas City Code. The fund is for the benefit of all eligible employees of the City, excluding firefighters and police officers. The fund is administered by a seven member board of trustees consisting of three persons appointed by the City Council who may be council members, three employees from different departments of the City who are elected by members of the retirement fund and who are members of the retirement fund, and the City Auditor. The ERF issues a stand-alone financial report which is available at: www.dallaserf.org/publications.html.

Note 17. Pension Plans (continued)

Dallas Police and Fire Pension System Combined Plan (Combined Plan): The legal authority for the Combined Plan is Article 6243a-1 of the Revised Civil Statutes of Texas. The Combined Plan is a retirement fund for police officers and firefighters employed by the City of Dallas. The system is administered by a twelve member board of trustees of the Dallas Police and Fire Pension System (DPFP System) composed of three elected from active members of the police department, three elected from active members of the fire rescue department, one elected by retired police officers, one elected by retired firefighters, and four appointed by the City Council from its membership. It is comprised of a single defined benefit pension plan designed to provide retirement, death, and disability benefits for firefighters and police officers (members). All active, eligible police officers and firefighters employed by the City are required to participate. The DPFP System issues a stand-alone financial report which is available at: www.dpfp.org/annualreports.html.

Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan): The legal authority for the Supplemental Plan is Subsection 35 of Chapter II of the Charter of the City of Dallas and Ordinance 14084 of 1973. The plan is administered by the board of trustees for the DPFP System. This plan includes officials in the Fire and Police Departments who hold rank higher than the highest corresponding Civil Service rank available as a result of competitive examination. The Supplemental Plan issues a stand-alone financial report which is available at: www.dpfp.org/annualreports.html.

B. Benefits provided

ERF: ERF provides retirement, disability, and death benefits to its members in accordance with Chapter 40A of the Dallas City Code. All employees of the City are members except police officers, firefighters, elected officers, non-salaried appointee members of boards or commissions, part-time employees working less than one-half time, temporary employees, individuals working under contract, and individuals whose salaries are paid in part by another government agency. The plan consists of Tier A and Tier B members.

Members hired prior to January 1, 2017 (Tier A) have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the three highest paid calendar years. Members of the Tier A are entitled to normal retirement pension at age 60; early retirement pension at age 55 if employed prior to May 9, 1972 or age 50 and age plus years of service total 78; service retirement pension at any age after 30 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 5 percent.

Members hired after December 31, 2016 (Tier B) have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the five highest paid calendar years. Members of Tier B are entitled to normal retirement pension at age 65; early retirement pension with a reduced benefit prior to age 65 and age plus years of service total 80 and; service retirement pension at any age after 40 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 3 percent.

Amendments to Chapter 40A of the Dallas City Code, other than provisions required to comply with federal law, may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

Combined Plan: The Combined Plan provides comprehensive retirement, disability, and survivor benefits for the City's police officers, firefighters and their beneficiaries as authorized through Article 6243a-1 of the Revised Civil Statutes of Texas. The Combined Plan consists of Group A and Group B membership. No member elected contribution under Group A.

Note 17. Pension Plans (continued)

Group A members may elect to receive one of two benefit structures: Options 1 and 2. Option 1 entitles members with 20 years or more of pension service to normal monthly pension benefits beginning at age 50 equal to 50 percent of the base pay as defined as the maximum monthly civil service pay established by the City at the time of retirement plus 50 percent of the longevity pay the member was receiving at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Option 2 entitles members with 20 years or more of pension service to normal monthly pension benefits beginning at age 55 equal to 3 percent of the base pay computed as noted in Option 1 for each year with a maximum of 32 years. In addition, a member receives 50 percent of the longevity pay and 1/24 of any City service incentive pay the member was receiving at the time he or she left active service with the City or the effective date the member joined DROP.

Under Group B, members receive one of two benefit structures for service prior to September 6, 2017:

- Members who began membership before March 1, 2011 with 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3 percent of the member's average Computation Pay determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service, up to a maximum of 32 years. Certain members who meet the service prerequisite may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member has 20 years of pension service.
- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 55. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2 percent for the first 20 years of service, 2.5 percent for the next five years of service, and 3 percent for years of service in excess of 25 years, and multiplied by the number of years of pension service. The member shall not accrue a monthly pension benefit that exceeds 90 percent of the member's average Computation Pay.

Under Group B, members receive the following benefits for service after September 5, 2017:

- Members with 5 or more years of pension service are entitled to monthly pension benefits beginning at age 58 equal to 2.5 percent of the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by the number of years of pension service. Certain members who meet the service prerequisite may elect to take early retirement with reduced benefits starting at age 53. Members may receive an ad hoc cost of living adjustment granted by the Board when the Combined Plan is 70 percent funded, and other financial benchmarks have been met. The member shall not accrue a monthly pension benefit that exceeds 90 percent of the member's average Computation Pay.

Members who are eligible to retire are allowed to enter the DROP program. The member's monthly benefit remains in a DROP account which does not accumulate interest. Upon retirement from the City, the member is able to withdraw annuitized benefits from their DROP account; however, under certain circumstances, members may be eligible to withdraw a lump sum amount. The total DROP account balance was $1.05 billion at December 31, 2016.

The Combined Plan documents may be amended only by the Texas State legislature.

Supplemental Plan: The Supplemental Plan provides benefits designed to supplement Combined Plan Group B benefits for members holding a rank higher than the highest corresponding civil service rank because their Combined Plan benefits are capped by the definition of "considered compensation." Benefits provided by the Supplemental Plan were approved by the Dallas City Council through passage of City Ordinance 14084 of 1973 as authorized in City Charter Chapter II, Subsection 35. Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 50. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while participating in the Supplemental Plan. The formula used to determine the member's Combined Plan Group B benefit is also used to determine the member's benefit under the Supplemental Plan; therefore, the same length of time is used to determine the average computation pay for both the Combined Plan and the Supplemental Plan, as well as provisions for the application for benefits. Benefits are increased by a cost of living adjustment of 4 percent of the initial benefit amount each October 1.

Members who are eligible to retire are allowed to enter the DROP program. The member's monthly benefit remains in a DROP account which does not accumulate interest. Upon retirement from the City, the member is able to withdraw annuitized benefits from their DROP account; however, under certain circumstances, members may be eligible to withdraw a lump sum amount. The total DROP account balance was $8 million at December 31, 2016.

Note 17. Pension Plans (continued)

The Supplemental Plan document can be amended only by the City Council in accordance with City ordinance.

C. Employees covered by benefit terms

At December 31, 2016, the following numbers of employees were covered by the benefit terms:

	ERF	Combined Plan	Supplemental Plan
Retirees and beneficiaries currently receiving benefits	6,903	4,456	128
Inactive members entitled to benefits but not yet receiving them	1,215	215	-
Current members	7,619	5,104	47
Total	15,737	9,775	175

D. Contributions

ERF: Chapter 40A of the Dallas City Code establishes contribution requirements. Changes to the contribution formula may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

The City contributes 63 percent of the required contribution and the membership contributes 37 percent. The City's contribution rate covers both the debt service tied to the pension obligation bonds and the contributions to the Employees' Retirement Fund. Although the total contribution is actuarially determined each year, it is adjusted based on the following requirements of Chapter 40A: (1) the maximum contribution percentage of covered wages is 36 percent; (2) the maximum increase or decrease from one year to the next is 10 percent; and (3) the contribution rate changes only if the actuarial valuation develops a rate which differs from the prior rate by more than 300 basis points. The adjusted contribution as a result of Chapter 40A is the Current Adjusted Total Obligation Rate (CATOR). Contribution rates are 13.32 percent of covered wages for employees and 22.68 percent for the City for the City's fiscal year ended September 30, 2017. The City's contribution of 22.68 percent is divided into 14.33 percent cash to the Plan and 8.35 percent for debt service payments on the pension obligation bonds. For 2017, the City contribution was $58 million.

Combined Plan: Article 6243a-1 of the Revised Civil Statutes of the State of Texas establishes contribution requirements. The amount of the contribution percentage may be determined only by the State Legislature or by a majority vote of the voters of the City of Dallas.

Prior to September 6, 2017, the City made statutorily required contributions of 27.5 percent of total wages and salaries as defined in the Combined Plan document and Article 6243a-1. After September 5, 2017, the City contributes 34.5 percent of computation pay, with a floor for seven years, plus $13 million per year until 2024. No member elected contribution under Group A. Group B members are required to contribute 13.5 percent of their computation pay. For 2017, the City contribution was $120.4 million.

Supplemental Plan: Ordinance 14084 of 1973 establishes contribution requirements. Changes to the contribution amounts or percentages may be made by City Council ordinance.

Members of the Supplemental Plan contribute 13.5 percent of their pay that is applicable to the Supplemental Plan. The City makes an annual contribution to the Supplemental Plan based on the results of an actuarial study. For 2017, the City contribution was $2.1 million.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date.

Note 17. Pension Plans (continued)

F. Actuarial Assumptions

The total pension liabilities in the December 31, 2016 actuarial valuations were determined using the following actuarial assumptions for each of the plans, applied to all periods included in the measurement:

	ERF	Combined Plan	Supplemental Plan
Inflation	2.75%	2.75%	2.75%
Salary Increases	3.25% to 6.25%, including inflation	3.0% to 5.2%, including inflation	3.0% to 5.2%, including inflation
Investment Rate of Return	7.75%	7.25%	7.25%
Mortality	**For actives:** Males - RP2000 Healthy Mortality Table for male employees, set forward 4 years. Females - RP2000 Healthy Mortality Table for female employees, set back 5 years. **For healthy retirees:** Males - RP2000 Blue Collar Mortality Table for male annuitants, with a 109% multiplier and fully generational mortality using improvement Scale BB. Females - RP2000 Blue Collar Mortality Table for female annuitants, with a 103% multiplier and fully generational mortality using improvement Scale BB. **For all disabled lives:** RP2000 Disabled Mortality Table for male annuitants, set forward one year.	**For actives:** Sex distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.	**For actives:** Sex distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.
Cost of Living Adjustments	The percentage of change in the price index for October of the current year over October of the previous year, or the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment. The maximimum COLA for Tier A retirees is 5%, and the maximum for Tier B retirees is 3%.	Ad hoc granted by the Board when the Combined Plan is 70 percent funded, and other financial benchmarks have been met	None
Long-term expected rate of return	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return rates by the target asset allocation percentage and by adding expected inflation.	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return rates by the target asset allocation percentage and by adding expected inflation.	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return rates by the target asset allocation percentage and by adding expected inflation.

Note 17. Pension Plans (continued)

The target allocation and best estimates of arithmetic real rates of return (RROR) for each of the plans, by major asset class, are summarized in the following table:

	ERF	
Asset Class	Target Allocation	Long-term RROR
Domestic Equity	15.0%	6.50%
International equity	15.0%	6.70%
Global equity	5.0%	6.70%
Low volatility global equity	10.0%	6.70%
Private equity	15.0%	9.40%
REITS	5.0%	5.40%
Real assets	5.0%	6.30%
Investment grade fixed income	15.0%	3.65%
High yield fixed income	12.5%	5.35%
Credit opportunities	2.5%	6.10%
Total	100.0%	

	Combined Plan		Supplemental Plan	
Asset Class	Target Allocation	Long-term RROR	Target Allocation	Long-term RROR
Global equity	20%	6.87%	20%	6.87%
Emerging markets equity	5%	9.42%	5%	9.42%
Private equity	5%	10.47%	5%	10.47%
Short-term core bonds	2%	1.35%	2%	1.35%
Global bonds	3%	1.38%	3%	1.38%
High yield and bank loans	11%	4.09%	11%	4.09%
Structured credit/absolute return	6%	5.67%	6%	5.67%
Emerging markets debt	6%	4.71%	6%	4.71%
Private debt	5%	7.69%	5%	7.69%
Natural resources	5%	7.63%	5%	7.63%
Infrastructure	5%	6.25%	5%	6.25%
Real estate	12%	5.00%	12%	5.00%
Liquid real assets	3%	4.43%	3%	4.43%
Global asset allocation	10%	4.90%	10%	4.90%
Cash	2%	1.06%	2%	1.06%
Total	100%		100%	

G. Discount Rate

ERF: The discount rate used to measure the total pension liability was 7.75 percent. This single discount rate was based on the expected rate of return on pension plan investments of 7.75 percent. The projection of cash flows used to determine the discount rate assumed that that (1) plan member contributions and City contributions will be made at the projected future contribution rates outlined in Chapter 40A of the Dallas City Code, under which employees contribute 37 percent of the CATOR; the City contributes 63 percent of the CATOR, reduced by the amount required to pay current debt service on the 2005 pension obligation bonds; (2) the ERF annually earns 7.75 percent on its market value of assets; and (3) the number of active members remains constant in the future. Based on those assumptions, the ERF fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and the resulting single discount rate is 7.75 percent.

Note 17. Pension Plans (continued)

Combined Plan: The discount rate used to measure the total pension liability was 4.12 percent. In order to develop the blended discount rate of 4.12 percent, the actuarial assumed rate of return of 7.25 percent was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.78 percent was used during the period that the plan was projected to have no fiduciary net position. The 3.78 percent is based on the Municipal Bond 20-year High Grade Rate Index as of December 31, 2016. The projection of cash flows used to determine the discount rate assumed that employee and City contributions will be made according to statutorily required contributions. Based on those assumptions, the DPFP System's Combined Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees.

Supplemental Plan: The discount rate used to measure the total pension liability was 7.10 percent. In order to develop the blended discount rate of 7.10 percent, the actuarial assumed rate of return of 7.25 percent was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.78 percent was used during the period that the plan was projected to have no fiduciary net position. The 3.78 percent is based on the Municipal Bond 20-year High Grade Rate Index as of December 31, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made according to statutorily required contributions. The City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the statutorily required employee rate. Based on those assumptions, the Supplemental Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees.

On May 31, 2017, Texas Governor Greg Abbott signed into law House Bill 3158, affecting the Dallas Police and Fire Pension System ("Pension System"). House Bill 3158 primarily amends 6243a-1, Texas Revised Statutes, including amendments to provisions concerning benefits, contributions, and governance, among other things. These changes took effect September 1, 2017 for both the Combined and Supplemental Plans

The remainder of this page intentionally left blank.

Note 17. Pension Plans (continued)

H. Changes in the Net Pension Liability

The following table shows the net pension liabilities as of December 31, 2016.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Employees' Retirement Fund			
Balances at December 31, 2015	$ 5,367,567	$ 3,202,208	$ 2,165,359
Changes for the year:			
Service cost	133,457	-	133,457
Interest	305,826	-	305,826
Changes of assumptions	(1,227,079)	-	(1,227,079)
Differences between expected and actual experience	(38,327)	-	(38,327)
Contributions - City	-	56,130	(56,130)
Contributions - Employee	-	53,436	(53,436)
Net investment income	-	294,918	(294,918)
Benefit payments, including refunds of employee contribution	(249,639)	(249,639)	-
Adminstrative expense	-	(5,343)	5,343
Other changes	-	333	(333)
Net Changes	(1,075,762)	149,835	(1,225,597)
Balances at December 31, 2016	$ 4,291,805	$ 3,352,043	$ 939,762
Combined Plan			
Balances at December 31, 2015	$ 9,536,840	$ 2,680,124	$ 6,856,716
Changes for the year:			
Service cost	167,432	-	167,432
Interest	360,567	-	360,567
Changes of assumptions	(712,004)	-	(712,004)
Differences between expected and actual experience	(77,463)	-	(77,463)
Contributions - City	-	119,345	(119,345)
Contributions - Employee	-	25,518	(25,518)
Net investment income	-	164,791	(164,791)
Benefit payments, including refunds of employee contribution	(825,092)	(825,092)	-
Adminstrative expense	-	(9,492)	9,492
Other changes	-	(4,532)	4,532
Net Changes	(1,086,560)	(529,462)	(557,098)
Balances at December 31, 2016	$ 8,450,280	$ 2,150,662	$ 6,299,618
Supplemental Plan			
Balances at December 31, 2015	$ 43,389	$ 19,457	$ 23,932
Changes for the year:			
Service cost	70	-	70
Interest	2,911	-	2,911
Changes of assumptions	(917)	-	(917)
Differences between expected and actual experience	1,106	-	1,106
Contributions - City	-	3,064	(3,064)
Contributions - Employee	-	35	(35)
Net investment income	-	1,141	(1,141)
Benefit payments, including refunds of employee contribution	(5,912)	(5,912)	-
Adminstrative expense	-	(78)	78
Other changes	-	(37)	37
Net Changes	(2,742)	(1,787)	(955)
Balances at December 31, 2016	$ 40,647	$ 17,670	$ 22,977

Note 17. Pension Plans (continued)

The net pension liability for the ERF has been allocated between governmental activities and business-type activities based on the percentage of contribution by each. The net pension liability for the Combined Plan and Supplemental Plan is reported in the governmental activities. For governmental activities, the total net pension liability was $6,939,883, and for business-type activities, $322,474. The amount of the ERF net pension liability allocated by business-type activity is $196,236 to Dallas Water Utilities, $9,032 to Convention Center, $21,469 to Airport Revenues, $59,917 to Sanitation and $35,820 to nonmajor funds.

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the City, calculated using the discount rates of 7.75 percent for ERF, 4.12 percent for the Combined Plan and 7.10 percent for the Supplemental Plan, as well as what the City's net pension liability would be if it were calculated using discount rates that are 1-percentage-point lower (6.75 percent for ERF, 3.12 percent for the Combined Plan and 6.10 percent for the Supplemental Plan) or 1-percentage-point higher (8.75 percent for ERF, 5.12 percent for the Combined Plan and 8.10 percent for the Supplemental Plan) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
ERF	$ 1,450,563	$ 939,762	$ 512,898
Combined Plan	$ 7,746,688	$ 6,299,618	$ 5,159,478
Supplemental Plan	$ 27,039	$ 22,977	$ 19,552

J. Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of each of the pension plans is available in the separately issued financial reports.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2017, the City recognized total pension expense of $878,387, $262,353 of which was for the ERF, $612,976 for the Combined Plan, and $3,058 for the Supplemental Plan. At September 30, 2017, the City also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERF		Combined Plan		Supplemental Plan
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows
Differences between expected and actual experience	$ -	$ 49,334	$ 227,676	$ 64,320	$ -
Changes of assumptions	727,142	935,983	545,393	569,603	-
Net difference between projected and actual earnings on pension plan investments	180,501	-	425,678	-	2,938
Contributions subsequent to the measurement date	44,389	-	89,876	-	2,087
Total deferred outflows/inflows	$ 952,032	$ 985,317	$ 1,288,623	$ 633,923	$ 5,025

Deferred outflows of resources reported in the amounts of $44,389, $89,876 and $2,087 related to pension contributions in the ERF, Combined Plan and Supplemental Plan made subsequent to the measurement date will be recognized as a reduction of the net pension liability during the fiscal year ended September 30, 2017. Deferred outflows and inflows of resources reported in the amount of $490,088 related to pensions will be recognized in pension expense as shown on the following page.

Note 17. Pension Plans (continued)

	ERF	Combined Plan	Supplemental Plan
Year ending 12/31:			
2017	$ 121,869	$ 265,777	$ 1,113
2018	66,900	265,777	1,113
2019	(192,883)	190,505	679
2020	(73,560)	(157,235)	33

Note 18. Commitments and Contingencies

A. Pending Lawsuits and Claims

Various claims and lawsuits are pending against the City and its officers and employees acting in their official capacities (hereafter collectively "City" for purposes of Note 18 A). Those lawsuits and claims, excluding condemnation proceedings, which are considered "probable" and estimable are accrued as a liability, while those claims and judgments, excluding condemnation proceedings, which are considered "reasonably possible" are disclosed but not accrued.

In the opinion of the City Attorney, the potential loss resulting from all material pending lawsuits and claims, excluding condemnations proceedings, which are considered reasonably possible and estimable, is approximately $8.1 million as of September 30, 2017. Additionally, the City is a defendant in six lawsuits filed by police and fire-rescue officers alleging that current and past police and fire pay schedules were adopted in violation of a referendum approved by the voters in 1979. Four lawsuits are pending in Collin County and two lawsuits, which are class actions are pending in Rockwall County. On November 14, 2017, the City Council approved a settlement of the four Collin County lawsuits in the amount of $61.7 million provided that the parties can mutually agree to the terms of the written settlement agreement. As to the two class action lawsuits, the City is currently unable to predict the ultimate outcome of these lawsuits; however, if the City were to receive an unfavorable outcome, the City would likely look to other avenues of resolution, including appropriate appeals. As such, the City cannot reasonably estimate the amount of liability, if any, that might result from the two class action lawsuits, as well as the timing of any liability, at this time.

At September 30, 2017, approximately $71.6 million, including the $61.7 million discussed in the previous paragraph, has been accrued in the Risk Fund as a liability for pending material claims and lawsuits, excluding condemnation proceedings, considered to be probable. In the opinion of the City Attorney, this is the total amount of all such pending claims and lawsuits which represent probable loss to the City.

B. Commitments and Loss Contingencies

The City participates in a number of federally assisted and state grant programs, principally the Community Development Block Grant, Women, Infants and Children, and HOME Programs. The programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amount, if any, to be immaterial.

The City has several major construction projects planned or in progress as of September 30, 2017. These projects are evidenced by contractual commitments and include the following: $240 million for General Purpose Capital Improvements and $412 million for Water Utilities Capital Improvements.

As discussed in note 2.B., Budgets and Budgetary Basis of Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability, and to facilitate effective cash planning and control. As of September 30, 2017, the amount of encumbrances expected to be honored upon performance by the vendor in a subsequent year were as follows:

	Amount
General fund	$ 38,963
Nonmajor governmental funds	270,501
Total	$ 309,464

Note 19. Dallas Water Utilities Escrow Deposit

On October 1, 1981, the City of Dallas purchased water supply rights for Lake Fork, a water source owned and operated by the Sabine River Authority (Authority), for approximately $117 million. Lake Fork is located on Lake Fork Creek, a tributary of the Sabine River, in Wood, Hopkins, and Rains Counties, approximately 70 miles east of the City of Dallas. Financial obligations of the City's share of Lake Fork water supply rights were fully paid as of December 2004. The City now has a contract with the Authority for 74 percent of the water available from Lake Fork.

The City was required to pay the Authority for a pro rata share of the operation and maintenance costs associated with Lake Fork, which was approximately $4.4 million in the fiscal year ended September 30, 2017. The pro rata share of the operation and maintenance costs owed to the Authority for the renewal of the Lake Fork contract was to be mutually negotiated with the Authority pursuant to the terms of the contract. Negotiation attempts with the Authority failed and in October 2014, the Authority unilaterally established a rate which would require the City to pay approximately an additional $24 million annually for the water to which it is entitled. The City challenged the rate by filing petitions with the Public Utilities Commission of Texas (PUC) and district courts in Travis and Orange counties in Texas. The PUC ordered an administrative law judge to consider setting an interim rate while this dispute was pending.

On April 2, 2015, the administrative law judge ruled that the interim rate must be paid by the City of Dallas until the rate case was resolved. The rate was set by the Authority on a take-or-pay basis, without a cost escalator. This interim rate was retroactive to November 2, 2014. The amounts the City paid in accordance with the interim rate were expensed and deposited into an interest-bearing escrow account, established by the Authority, pending the final outcome of the rate case.

A settlement agreement was approved by City Council on October 11, 2017 and by the Authority Board of Directors on October 12, 2017.

The interest-bearing escrow account balance was $68.7 million on September 30, 2017. Terms of the settlement agreement required that $23.4 million be paid immediately from the escrow account as additional compensation to the Authority for the period November 2, 2014 through September 30, 2017. The remaining escrow amount of $45.3 million at September 30, 2017, plus the accrued September escrow contribution of $2 million (total $47.3 million) will be used to offset future payments of additional compensation by the City to the Authority, until the escrow account balance is depleted, and has been recorded as Prepaid Escrow on the statement of net position. The escrow balance is estimated to be fully depleted in five to six years.

Note 20. Other Postemployment Benefits

In addition to pension benefits, the City provides certain healthcare and life insurance benefits for retired employees through various Council resolutions. Employees who are permanent, full-time employees are eligible to participate in the benefits at retirement. The City is self-insured for these programs. The City eliminated subsidization of the plan for individuals hired on or after January 1, 2010.

For retired employees hired before January 1, 2010, the City pays on average $564 (not in thousands) per month. For pre-Medicare retirees who qualify and choose the City health plan, the City pays approximately 50 percent of the actuarial cost and the retiree pays the other 50 percent. Spouses of retirees, like active employees, pay 100 percent of premiums. There were 4,665 retired participants and surviving spouses in the health plan at September 30, 2017, the latest data used for this evaluation. Post-Medicare retirees are offered the active plans but must pay the full cost of coverage; alternatively, they are also offered several Medicare supplement plans along with a Medicare Part D prescription drug plan. The City subsidizes the Medicare supplement plans for the retirees but does not subsidize the dependent cost.

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial cost method used in this valuation to determine the actuarial accrued liability and the ARC is the projected unit credit method with service prorated. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial liability over 30 years as a level percentage of payroll, on an open basis. The discount rate used for the determination of the expense for fiscal year 2017 4 percent. The annual healthcare trend rates range from 8 percent to 4.5 percent per year. Total claim payments for fiscal year 2017 were approximately $15.5 million net of participants' contributions.

Note 20. Other Postemployment Benefits (continued)

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The following table shows the components of the City's annual OPEB cost for fiscal year 2017, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

Annual required contribution	$ 27,080
Interest on net OPEB obligation	10,086
Adjustment to annual required contribution	(9,638)
Annual OPEB cost	27,528
Contributions made	(15,488)
Increase in net OPEB obligation	12,040
Net OPEB obligation, beginning of year	252,200
Net OPEB obligation, end of year	$ 264,240

Net OPEB obligation reported in governmental activities	$ 200,468
Net OPEB obligation reported in business type activities funds	53,531
Net OPEB obligation reported in internal service funds	10,241
Net OPEB obligation, end of year	$ 264,240

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2017, 2016, and 2015 are as follows (in thousands):

Fiscal Year Ended	Net OPEB Obligation Beginning of Year	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Percentage of Annual OPEB Cost Contributed
2017	$ 252,200	$ 27,528	$ 15,488	$ 264,240	56.26%
2016	$ 241,533	$ 26,120	$ 15,453	$ 252,200	59.16%
2015	$ 229,486	$ 26,465	$ 14,418	$ 241,533	54.48%

As of September 30, 2017, the funded status was as follows:

Actuarial Valuation Value	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2017	$ -	$ 499,914	$ 499,914	- %	$ 868,295	57.57%

The actuarial accrued liability of $499,914 includes $295,574 for active employees and $204,340 for retirees.

Note 20. Other Postemployment Benefits (continued)

At September 30, 2017, membership was as follows:	Uniformed	Non-Uniformed	Total
Active participants not eligible to retire	1,375	2,535	3,910
Active participants eligible to retire	1,607	670	2,277
Total active participants	2,982	3,205	6,187

Note 21. Subsequent Events

A. Issuance of Debt

From October 1, 2017 through March 30, 2018, the City issued $3.5 million in General Obligation commercial paper notes, with an interest rate of six-month LIBOR Index, and retired $9.7 million in General Obligation commercial paper notes. From October 1, 2017 through March 30, 2018, the City issued $35.1 million in Dallas Water Utilities commercial paper notes, with an average interest rate of 1.2%.

On November 16, 2017, the City of Dallas issued $302 million of General Obligation Refunding and Improvement Bonds, Series 2017 with a premium of $32.4 million, interest rates of 3.00 percent to 5.00 percent, and an initial yield of 1.23 percent to 3.36 percent. The bonds mature February 15, 2037.

B. Changes in bond ratings

On November 17, 2017, Moody’s affirmed seven underlying ratings for the City of Dallas and revised the outlook to stable from negative.

On October 30, 2017, S&P Global Ratings has revised its outlook to stable from negative and affirmed its 'AA-' long-term and underlying ratings on the City of Dallas' General Obligation bonds. At the same time, S&P Global Ratings assigned its 'AA-' rating to Dallas' series 2017 General Obligation Refunding and Improvement bonds.

On November 3, 2017, Fitch affirmed its ‘AA’ City of Dallas' General Obligation bonds and stable outlook.

C. Commercial Paper Programs

General Obligation Commercial Paper Notes

As of November 28, 2017, JP Morgan Chase became the sole provider for the General Obligation Commercial Paper Notes by increasing its credit agreement supporting the Notes from $200 million to $350 million. The agreement extends to November 27, 2020. Together, the Series A and Series B programs have an aggregate available principal amount not to exceed approximately $375.9 million, which includes $350 million of principal together with approximately $25.9 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10 percent per annum.

Dallas Water Utilities Commercial Paper Notes

As of December 13, 2017, the Commercial Paper Notes, Series D liquidity agreements, supported through State Street Bank and Trust Company and Bank of America N.A, were extended to January 8, 2020 under the same terms and conditions of the prior agreements.

As of September 13, 2017, The Commercial Paper, Series E liquidity agreement with JPMorgan Chase Bank, N.A., was extended to September 30, 2019 under the same terms and conditions of the prior agreement.

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Last Three Fiscal Years
(Dollar amounts in thousands)

	2017		
	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan
Total Pension Liability			
Service cost	$ 133,457	$ 167,432	$ 70
Interest	305,826	360,567	2,911
Changes of assumptions	(1,227,079)	(712,004)	(917)
Differences between expected and actual experience	(38,327)	(77,463)	1,106
Plan changes	-	-	-
Benefit payments, including refunds	(249,639)	(825,092)	(5,912)
Net change	(1,075,762)	(1,086,560)	(2,742)
Total Pension Liability, Beginning	5,367,567	9,536,840	43,389
Total Pension Liability, Ending [(a)]	4,291,805	8,450,280	40,647
Plan Fiduciary Net Position			
Contributions - City	56,130	119,345	3,064
Contributions - Employee	53,436	25,518	35
Net investment income	294,918	164,791	1,141
Benefit payments, including refunds	(249,639)	(825,092)	(5,912)
Administrative expense	(5,343)	(9,492)	(78)
Other changes	333	(4,532)	(37)
Net change	149,835	(529,462)	(1,787)
Plan Fiduciary Net Position, Beginning	3,202,208	2,680,124	19,457
Plan Fiduciary Net Position, Ending [(b)]	3,352,043	2,150,662	17,670
City's Net Pension Liability [(a) - (b)]	$ 939,762	$ 6,299,618	$ 22,977
Plan Fiduciary Net Position as a percentage of Total Pension Liability	78%	25%	43%
Covered payroll	$ 409,433	$ 357,414	$ 525
City's Net Pension Liability as a percentage of covered payroll	230%	1763%	4377%

2016			2015		
ERF	DPFP - Combined Plan	DPFP - Supplemental Plan	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan
$ 78,020	$ 125,441	$ 36	$ 62,065	$ 131,312	$ 28
313,850	359,023	2,953	290,948	369,408	2,969
1,238,431	908,988	(601)	292,137	-	-
(26,829)	379,461	929	(21,967)	(4,453)	336
-	-	-	-	(329,794)	(526)
(239,960)	(285,003)	(2,640)	(230,243)	(245,932)	(3,415)
1,363,512	1,487,910	677	392,940	(79,459)	(608)
4,004,055	8,048,930	42,712	3,611,115	8,128,389	43,320
5,367,567	9,536,840	43,389	4,004,055	8,048,930	42,712
50,721	114,886	2,443	45,833	109,792	1,817
50,742	25,676	43	46,536	29,333	49
(53,344)	(235,338)	(1,690)	207,992	(138,893)	(517)
(239,960)	(285,003)	(2,640)	(230,243)	(245,932)	(3,415)
(4,598)	(8,417)	(61)	(4,150)	(8,003)	(56)
162	(5,875)	(43)	157	(7,361)	(51)
(196,277)	(394,071)	(1,948)	66,125	(261,064)	(2,173)
3,398,485	3,074,195	21,405	3,332,360	3,335,259	23,578
3,202,208	2,680,124	19,457	3,398,485	3,074,195	21,405
$ 2,165,359	$ 6,856,716	$ 23,932	$ 605,570	$ 4,974,735	$ 21,307
60%	28%	45%	85%	38%	50%
$ 393,186	$ 365,210	$ 725	$ 353,650	$ 383,006	$ 557
551%	1877%	3301%	171%	1299%	3825%

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS
Last Ten Fiscal years
(Dollar amounts in thousands)

	2017	2016	2015
Employees Retirement Fund			
Actuarially determined contribution	$ 88,547	$ 81,838	$ 68,100
Contributions in relation to the actuarially determined contribution	$ 58,045	$ 56,987	$ 49,135
Contribution deficiency (excess)	$ 30,501	$ 24,851	$ 18,965
Covered payroll	$ 405,062	$ 389,706	$ 376,421
Contributions as a percentage of covered payroll	14%	15%	13%
Dallas Police and Fire Pension - Combined Plan			
Actuarially determined contribution	$ 202,167		
Contributions in relation to the actuarially determined contribution	$ 120,351		
Contribution deficiency (excess)	$ 81,816		
Statutorily required contribution		$ 118,508	$ 113,026
Contributions in relation to the statutorily required contribution		$ 118,508	$ 113,026
Contribution deficiency (excess)		$ -	$ -
Covered payroll	$ 427,867	$ 432,082	$ 414,373
Contributions as a percentage of covered payroll	28%	27%	27%
Dallas Police and Fire Pension - Supplemental Plan			
Actuarially determined contribution	$ 2,087	$ 3,064	$ 2,443
Contributions in relation to the actuarially determined contribution	$ 2,087	$ 3,064	$ 2,443
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 525	$ 725	$ 556
Contributions as a percentage of covered payroll	398%	423%	439%

2014	2013	2012	2011	2010	2009	2008
$ 62,756	$ 54,289	$ 37,822	$ 32,865	$ 34,793	$ 18,995	$ 15,904
$ 44,816	$ 35,515	$ 28,917	$ 27,303	$ 27,668	$ 24,604	$ 22,893
$ 17,940	$ 18,774	$ 8,905	$ 5,562	$ 7,125	$ (5,609)	$ (6,989)
$ 357,887	$ 336,483	$ 317,551	$ 318,408	$ 345,819	$ 374,395	$ 370,537
13%	11%	9%	9%	8%	7%	6%
$ 108,268	$ 105,753	$ 102,431	$ 106,633	$ 109,211	$ 106,868	$ 102,720
$ 108,268	$ 105,753	$ 102,431	$ 106,633	$ 109,211	$ 106,868	$ 102,720
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 378,000	$ 361,000	$ 349,000	$ 365,000	$ 367,000	$ 362,000	$ 341,000
29%	29%	29%	29%	30%	30%	30%
$ 1,817	$ 1,936	$ 1,954	$ 1,543	$ 1,444	$ 1,344	$ 1,244
$ 1,817	$ 1,936	$ 1,954	$ 1,543	$ 1,444	$ 1,344	$ 1,244
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 521	$ 450	$ 621	$ 886	$ 1,044	$ 1,043	$ 938
349%	430%	315%	174%	138%	129%	133%

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS
Last 10 Fiscal Years

Employees' Retirement Fund

Valuation date	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09	12/31/08	12/31/07
Timing	The actuarially determined contribution rate is effective October 1 after the valuation date.									
Actuarial cost method	Entry age normal.									
Amortization method	30-year open amortization period level percentage of payroll. The City ordinance authorizing the plan specfies that the rate may not change from year-to-year if the calculated rate is less than 300 basis points different from the current rate.									
Asset valuation method	5-year smoothed market value of assets.								3-year smoothed market value of assets.	
Inflation	2.75%	3%								
Salary increases	3.25% to 6.25%, including inflation	3.5% to 7%, including inflation								
Discount rate	7.75%	8.00%		8.25%						
Cost of Living Adjustment	The greater of (a) the percentage of change in the price index for October of the current year over October of the previous year, or (b) the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment. The maximum change per year is 5% for Tier A and 3% for Tier B members.	The greater of (a) the percentage of change in the price index for October of the current year over October of the previous year, up to 5%, or (b) the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment, up to 5%.								
Mortality	**For actives:** Males - RP2000 Healthy Mortality Table for male employees, set forward 4 years. Females - RP2000 Healthy Mortality Table for female employees, set back 5 years. **For healthy retirees:** Males - RP2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale BB, set forward two years. P2000 Healthy Mortality Table for female annuitants. **For all disabled lives:** RP2000 Disabled Mortality Table for male annuitants, set forward one year.			**For actives:** Males - RP2000 Healthy Mortality Table for male employees, set forward 4 years. Females - RP2000 Healthy Mortality Table for female employees, set back 5 years. **For healthy retirees:** Males - RP2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale AA, set forward two years. P2000 Healthy Mortality Table for female annuitants. **For all disabled lives:** RP2000 Disabled Mortality Table for male annuitants, set forward one year.			**For actives:** Males - 1994 Uninsured Pension Mortality Table for males, base table rates multiplied by 87%. Females - 1994 Uninsured Pension Mortality Table for females, base table rates multiplied by 125%. **For healthy retirees:** Males - 1994 Uninsured Pension Mortality Table for males, set forward two years. Females - 1994 Uninsured Pension Mortality Table for females, base table rates multipled by 125% for ages less than 85 and multipled by 135% for ages 85 and up. **For all disabled lives:** 1965 Railroad Retirement Board Disabled Annuitants Mortality Table (without select rates). For females, the rates are multiplied by 60%.		

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS (Continued)
Last 10 Fiscal Years

Dallas Police and Fire Pension - Combined Plan

Valuation date	01/01/17	01/01/16	01/01/15	01/01/14	01/01/13	01/01/12	01/01/11	01/01/10	01/01/09	01/01/08
Timing	The actuarially determined contribution is included in the report for informational purposes only, beginning in January 1, 2017.									
Actuarial cost method	Entry age normal.									
Amortization method	Level percentage of payroll.									
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.									
Inflation	2.75%									
Salary increases	2.75%									
Discount rate	7.25%									
Cost of Living Adjustment	0% prior to October 1, 2049. 2% on original									
Mortality	**For actives:** RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.									

Dallas Police and Fire Pension - Supplemental Plan

Valuation date	01/01/17	01/01/16	01/01/15	01/01/14	01/01/13	01/01/12	01/01/11	01/01/10	01/01/09	01/01/08
Timing	The actuarially determined contribution is due September 30 after the valuation date.									
Actuarial cost method	Entry age normal.									
Amortization method	Level percentage of payroll.									
Asset valuation method	Market value of assets.									
Inflation	2.75%		4%							
Salary increases	2.75%		4% - 9.64%, including inflation							
Discount rate	7.25%			8.50%						
Cost of Living Adjustment	4% for members hired on or before December 31, 2006. New members hired after December 31, 2006 are not eligble for an automatic increase.									
Mortality	**For actives:** RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.		**For actives:** RP2000 Combined Healthy Mortality Table projected ten years beyond the valuation date using Scale AA. **For healthy retirees:** RP2000 Combined Healthy Mortality Table projected ten years beyond the valuation date using Scale AA. **For all disabled lives:** RP2000 Combined Healthy Mortality Table with a one-year set forward.				1994 Group Annuity Mortality Table for males and females, set back one year for males and females.			

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

CITY OF DALLAS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

Other Postemployment Benefits

Year Ended September 30, 2017

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c))
9/30/2017	$ -	$ 499,914	$ 499,914	- %	$ 868,292	57.57%
9/30/2016	$ -	$ 492,867	$ 492,867	- %	$ 850,011	57.98%
9/30/2015	$ -	$ 459,643	$ 459,643	- %	$ 812,400	56.58%

The actuarial information presented is determined by an actuarial valuation and is the amount that results from applying various assumptions with regard to future employment, mortality, and the healthcare cost trend.

A re-evaluation of the Medicare Supplement plans in the 9/30/2015 actuarial valuation revealed that a significant decrease in the post-Medicare net claims cost assumption was warranted. This change of assumption caused a 28% reduction in the liability.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Community Development Fund – to account for funds received by the City of Dallas pursuant to the Community Development Act of 1974, as amended, and grant funds for community development type programs.

Health and Human Services Fund – to account for private and grant funds received for public health and human services programs.

Library Fund – to account for private and grant funds received for acquisition of library materials and expansion of library services.

Police Fund – to account for private and grant funds received for crime prevention and law enforcement programs.

Recreation Fund – to account for private and grant funds received for summer recreation and other recreation programs.

Transportation Fund – to account for private and grant funds received for transportation studies and construction.

Management Improvement Fund – to account for private and grant funds received for management productivity improvements.

Storm Water Operations Fund – to account for the administration and operational activities of the Storm Water Program. Financing is provided by a Storm Water fee.

Municipal Fund – to account for private contributions restricted to the provision of various employee and citizen municipal purposes.

General Citizen Fund – to account for private contributions restricted to the provision of various general governmental projects.

Arts and Cultural Fund – to account for private contributions restricted for the financing arts and cultural activities.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets which are not financed by Enterprise Funds, Internal Service Funds, and Trust Funds.

Neighborhood Projects – to account for construction of neighborhood facilities and paving projects.

Parks – to account for construction of parks, playgrounds, and recreational facilities.

Streets and Drainage – to account for construction of streets and storm sewers.

Buildings – to account for construction of City-owned buildings

Transportation – to account for construction of traffic signals and controls.

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs that is, for the benefit of the government or its citizenry.

Samuell Park – to account for the private donation by Dr. W.W. Samuell. The income from this fund is restricted to the operation and improvement of Samuell Park.

Grauwyler Memorial – to account for the private donation by Mrs. Emma H. Grauwyler. The income from the trust is to be used to improve and beautify Grauwyler Park.

Craddock Park – to account for the private donation by Mr. and Mrs. L. Craddock. The earnings from the trust are to be used for improving and maintaining Craddock Park.

Martin Weiss Park – to account for the private donations by Mr. and Mrs. Martin Weiss, the earnings from which are restricted to the use for further improvements of the Martin Weiss Park.

Hale Davis – to account for private donations by Hale Davis, restricted for municipal purposes.

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2017
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Assets					
Pooled cash and cash equivalents	$ 5,395	$ -	$ 1,975	$ 8,430	$ 23,602
Other investments, at fair value	-	-	990	-	-
Receivables:					
Notes	42,367	-	-	-	43
Special assessments- paving notes	-	-	-	-	-
Accounts	151	75	9	1	43
Accrued interest	19	2	8	24	111
Allowance for uncollectible accounts	(8,714)	-	-	-	(3)
Due from other governments	5,767	3,894	94	3,064	11
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable from other funds	-	-	-	-	-
Total assets	44,985	3,971	3,076	11,519	23,807
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accrued payroll	82	119	-	45	9
Accounts payable	2,554	329	186	619	518
Due to other governments	-	-	-	-	-
Due to other funds	-	3,051	-	-	-
Unearned revenue	376	-	-	312	84
Construction accounts payable	-	-	-	-	-
Notes payable to other funds	-	-	-	-	5,782
Customer deposits	-	-	-	-	12
Contracts payable	-	-	-	-	-
Other liabilities	1,203	-	41	85	84
Total liabilities	4,215	3,499	227	1,061	6,489
Deferred inflows of resources					
Unavailable revenue	33,958	-	-	-	132
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	6,812	472	2,849	10,458	-
Committed	-	-	-	-	17,186
Total fund balances	6,812	472	2,849	10,458	17,186
Total liabilities, deferred inflows, and fund balance	$ 44,985	$ 3,971	$ 3,076	$ 11,519	$ 23,807

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
$ 10,765	$ 16,924	$ 41,985	$ 29,271	$ 3,764	$ 3,405	$ 145,516
-	-	-	-	-	2,212	3,202
-	-	-	10,593	-	-	53,003
-	-	-	-	-	-	-
8,511	590	8,038	313	-	-	17,731
42	44	32	76	8	11	377
(6,706)	-	(4,229)	(3,118)	-	-	(22,770)
959	5,145	-	-	-	-	18,934
-	-	-	256	-	-	256
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,571	22,703	45,826	37,391	3,772	5,628	216,249
-	-	163	40	-	-	458
109	4,747	1,943	1,343	1	-	12,349
-	1	-	2,125	-	-	2,126
-	-	-	-	-	-	3,051
-	4	-	481	-	-	1,257
-	-	-	-	-	-	-
-	-	-	-	-	-	5,782
88	-	-	-	-	-	100
-	-	-	-	-	-	-
29	24	141	-	7	-	1,614
226	4,776	2,247	3,989	8	-	26,737
1,409	-	1,353	1,031	-	-	37,883
-	-	-	-	-	-	-
11,936	17,927	42,226	32,371	3,764	5,628	134,443
-	-	-	-	-	-	17,186
11,936	17,927	42,226	32,371	3,764	5,628	151,629
$ 13,571	$ 22,703	$ 45,826	$ 37,391	$ 3,772	$ 5,628	$ 216,249

continued

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2017
(in thousands)

	Capital Projects					Total Nonmajor Capital Project Funds
	Neighborhood Projects	Parks	Streets and Drainage	Building	Trans-portation	
Assets						
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Other investments, at fair value	-	-	-	-	552	552
Receivables:						
Notes	13,652	-	-	1,500	-	15,152
Special assessments- paving notes	-	-	5,524	-	-	5,524
Accounts	-	-	-	11,321	4	11,325
Accrued interest	203	109	432	192	579	1,515
Allowance for uncollectible accounts	(11,607)	-	(4,893)	(1,500)	-	(18,000)
Due from other governments	-	1,937	-	5,834	8,328	16,099
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	4,086	4,086
Restricted cash and cash equivalents	91,230	42,931	173,425	42,397	231,561	581,544
Notes receivable from other funds	-	-	4,161	-	-	4,161
Total assets	93,478	44,977	178,649	59,744	245,110	621,958
Liabilities, deferred inflows, and fund balances						
Liabilities						
Accrued payroll	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	1,195	-	-	44	-	1,239
Unearned revenue	-	143	-	1,415	38,422	39,980
Construction accounts payable	2,077	339	4,871	2,896	4,000	14,183
Notes payable to other funds	4,491	-	-	-	-	4,491
Customer deposits	-	-	9	57	-	66
Contracts payable	8,691	4,150	16,533	8,240	5,895	43,509
Other liabilities	-	-	-	-	-	-
Total liabilities	16,454	4,632	21,413	12,652	48,317	103,468
Deferred inflows of resources						
Unavailable revenue	2,045	-	712	-	-	2,757
Fund balances						
Nonspendable	-	-	-	-	4,086	4,086
Restricted	74,979	40,345	156,524	47,092	192,707	511,647
Committed	-	-	-	-	-	-
Total fund balances	74,979	40,345	156,524	47,092	196,793	515,733
Total liabilities, deferred inflows, and fund balance	$ 93,478	$ 44,977	$ 178,649	$ 59,744	$ 245,110	$ 621,958

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2017
(in thousands)

	Permanent Funds						Total
	Samuell Park	Grauwyler Memorial	Craddock Park	Martin Weiss Park	Hale Davis	Total Permanent Funds	Nonmajor Governmental Funds
Assets							
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 145,516
Other investments, at fair value	8,315	111	1,024	98	410	9,958	13,712
Receivables:							
Notes	-	-	-	-	-	-	68,155
Special assessments- paving notes	-	-	-	-	-	-	5,524
Accounts	-	-	-	-	-	-	29,056
Accrued interest	-	-	-	-	-	-	1,892
Allowance for uncollectible accounts	-	-	-	-	-	-	(40,770)
Due from other governments	-	-	-	-	-	-	35,033
Due from other funds	-	-	-	-	-	-	256
Prepaid expenses	-	-	-	-	-	-	4,086
Restricted cash and cash equivalents	-	-	-	-	-	-	581,544
Notes receivable from other funds	-	-	-	-	-	-	4,161
Total assets	8,315	111	1,024	98	410	9,958	848,165
Liabilities, deferred inflows, and fund balances							
Liabilities							
Accrued payroll	-	-	-	-	-	-	458
Accounts payable	-	-	-	-	-	-	12,349
Due to other governments	-	-	-	-	-	-	2,126
Due to other funds	-	-	-	-	-	-	4,290
Unearned revenue	-	-	-	-	-	-	41,237
Construction accounts payable	-	-	-	-	-	-	14,183
Notes payable to other funds	-	-	-	-	-	-	10,273
Customer deposits	-	-	-	-	-	-	166
Contracts payable	-	-	-	-	-	-	43,509
Other liabilities	-	-	-	-	-	-	1,614
Total liabilities	-	-	-	-	-	-	130,205
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	-	-	40,640
Fund balances							
Nonspendable	8,315	111	1,024	98	410	9,958	14,044
Restricted	-	-	-	-	-	-	646,090
Committed	-	-	-	-	-	-	17,186
Total fund balances	8,315	111	1,024	98	410	9,958	677,320
Total liabilities, deferred inflows, and fund balance	$ 8,315	$ 111	$ 1,024	$ 98	$ 410	$ 9,958	$ 848,165

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Ad valorem tax	$ -	$ -	$ -	$ -	$ -
Tax increment financing, intergovernmental	-	-	-	-	-
Franchise fees	-	-	-	-	-
Intergovernmental	30,847	15,710	181	6,838	79
Service to others	2,899	-	20	-	5,772
Fines and forfeitures	-	2	-	289	-
Investment income	49	5	17	72	148
Contributions and gifts	30	587	336	7	1,686
Confiscated money awards	-	-	-	2,810	-
Other revenues	462	27	-	-	-
Total revenues	34,287	16,331	554	10,016	7,685
Expenditures:					
Current					
General government	4,960	-	-	-	-
Public safety	2	-	-	8,467	-
Code enforcement	486	-	-	-	-
Environmental and health services	-	16,597	-	-	-
Streets, public works, and transportation	-	-	-	-	-
Equipment and building services	-	-	-	-	-
Culture and recreation	585	-	247	-	5,850
Human services	25,284	-	-	-	-
Debt service:					
Principal	1,982	-	-	967	-
Interest and fiscal charges	657	-	-	27	247
Capital outlay	605	57	315	671	783
Total expenditures	34,561	16,654	562	10,132	6,880
Excess (deficiency) of revenues over (under) expenditures	(274)	(323)	(8)	(116)	805
Other financing sources (uses):					
Transfers in	100	-	-	-	2,589
Transfers out	(2,695)	-	(7)	-	(1)
Inception of capital lease					
Proceeds from sale of capital assets	-	-	18	3	12
Capital lease	-	-	-	-	-
Proceeds from repayment of notes receivable	-	-	-	-	-
Issuance of notes	-	-	-	-	-
Total other financing sources (uses)	(2,595)	-	11	3	2,600
Net change in fund balances	(2,869)	(323)	3	(113)	3,405
Fund balances, beginning of year	9,681	795	2,846	10,571	13,781
Fund balances, end of year	$ 6,812	$ 472	$ 2,849	$ 10,458	$ 17,186

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,265	6,158	-	830	-	-	61,908
1,403	2,844	47,181	3,414	9	298	63,840
5,576	1,003	-	-	-	-	6,870
107	128	115	183	23	32	879
-	8	-	40	183	-	2,877
-	-	-	-	-	-	2,810
-	-	-	11	-	-	500
8,351	10,141	47,296	4,478	215	330	139,684
-	7,846	41,620	8,471	99	-	62,996
-	-	-	294	-	-	8,763
-	-	-	-	-	-	486
-	-	-	-	-	-	16,597
6,820	-	-	-	-	-	6,820
-	-	-	-	-	-	-
-	-	-	-	-	110	6,792
-	-	-	-	-	-	25,284
-	-	453	-	-	-	3,402
-	-	19	-	-	-	950
501	2,574	4,595	2,138	-	-	12,239
7,321	10,420	46,687	10,903	99	110	144,329
1,030	(279)	609	(6,425)	116	220	(4,645)
-	138	-	10,516	-	-	13,343
-	-	(1,188)	(205)	-	-	(4,096)
						-
-	-	5	-	-	-	38
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	138	(1,183)	10,311	-	-	9,285
1,030	(141)	(574)	3,886	116	220	4,640
10,906	18,068	42,800	28,485	3,648	5,408	146,989
$ 11,936	$ 17,927	$ 42,226	$ 32,371	$ 3,764	$ 5,628	$ 151,629

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2017
(in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Revenues:				
Ad valorem tax	$ 46,004	$ -	$ -	$ -
Tax increment financing, intergovernmental	8,829	-	-	-
Franchise fees	-	-	5,207	-
Intergovernmental	-	1,035	-	6,998
Service to others	306	1,157	618	1
Fines and forfeits	-	-	-	-
Investment income	563	300	1,255	516
Contributions and gifts	14,810	71	718	354
Confiscated money awards	-	-	-	-
Other revenues	-	118	6,736	261
Total revenues	70,512	2,681	14,534	8,130
Expenditures:				
Current				
General government	51,788	-	-	4,080
Public safety	-	-	-	-
Code enforcement	-	-	-	2
Environmental and health services	-	-	-	-
Streets, public works, and transportation	-	-	19,857	1,956
Equipment and building services	-	-	-	633
Culture and recreation	-	2,377	-	945
Human services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	7,441	11,584	81,797	46,554
Total expenditures	59,229	13,961	101,654	54,170
Excess (deficiency) of revenues over (under) expenditures	11,283	(11,280)	(87,120)	(46,040)
Other financing sources (uses):				
Transfers in	2,500	1,000	13,693	-
Transfers out	(2)	-	(476)	(7,749)
Proceeds from sale of capital assets	-	-	280	-
Capital lease	-	-	-	25,050
Issuance of notes	-	-	7,699	10,794
Total other financing sources (uses)	2,498	1,000	21,196	28,095
Net change in fund balance	13,781	(10,280)	(65,924)	(17,945)
Fund balances, beginning of year	61,198	50,625	222,448	65,037
Fund balances, end of year	$ 74,979	$ 40,345	$ 156,524	$ 47,092

Trans-portation	Total Nonmajor Capital Project Funds
$ -	$ 46,004
-	8,829
-	5,207
15,358	23,391
-	2,082
-	-
1,645	4,279
100	16,053
-	-
-	7,115
17,103	112,960
-	55,868
-	-
-	2
-	-
1,085	22,898
-	633
-	3,322
-	-
-	-
-	-
45,706	193,082
46,791	275,805
(29,688)	(162,845)
-	17,193
-	(8,227)
-	280
-	25,050
654	19,147
654	53,443
(29,034)	(109,402)
225,827	625,135
$ 196,793	$ 515,733

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2017
(in thousands)

	Permanent Funds		
	Samuell Park	Grauwyler Memorial	Craddock Park
Revenues:			
Ad valorem tax	$ -	$ -	$ -
Tax increment financing, intergovernmental	-	-	-
Franchise Fees	-	-	-
Intergovernmental	-	-	-
Service to others	-	-	-
Fines and forfeits	-	-	-
Investment income	918	10	95
Contributions and gifts	-	-	-
Confiscated money awards	-	-	-
Other revenues	-	-	-
Total revenues	918	10	95
Expenditures:			
Current			
General government	-	-	-
Public safety	-	-	-
Code enforcement	-	-	-
Environment and health services	-	-	-
Streets, public works, and transportation	-	-	-
Equipment and building services	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	918	10	95
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(338)	-	-
Proceeds from sale of capital assets	-	-	-
Capital lease	-	-	-
Issuance of notes	-	-	-
Total other financing sources (uses)	(338)	-	-
Net change in fund balances	580	10	95
Fund balances, beginning of year	7,735	101	929
Fund balances, end of year	$ 8,315	$ 111	$ 1,024

Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 46,004
-	-	-	8,829
-	-	-	5,207
-	-	-	85,299
-	-	-	65,922
-	-	-	6,870
9	42	1,074	6,232
-	-	-	18,930
-	-	-	2,810
-	-	-	7,615
9	42	1,074	253,718
-	-	-	118,864
-	-	-	8,763
-	-	-	488
-	-	-	16,597
-	-	-	29,718
-	-	-	633
-	-	-	10,114
-	-	-	25,284
-	-	-	3,402
-	-	-	950
-	-	-	205,321
-	-	-	420,134
9	42	1,074	(166,416)
-	-	-	30,536
-	(15)	(353)	(12,676)
-	-	-	318
-	-	-	25,050
-	-	-	19,147
-	(15)	(353)	62,375
9	27	721	(104,041)
89	383	9,237	781,361
$ 98	$ 410	$ 9,958	$ 677,320

NONMAJOR ENTERPRISE FUNDS

To account for operations which are financed and operated in a manner similar to private business enterprise.

Municipal Radio – to account for City-owned radio broadcast services.

Building Inspection – to account for construction inspection services within the Dallas city limits.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
September 30, 2017
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Pooled cash and cash equivalents	$ 1,691	$ 53,114	$ 54,805
Receivables:			
Accounts	318	267	585
Accrued interest	4	136	140
Allowance for uncollectible acccounts	(14)	-	(14)
Total current assets	1,999	53,517	55,516
Capital assets:			
Land	-	900	900
Artwork	-	-	-
Construction in progress	-	302	302
Buildings	337	-	337
Improvements other than buildings	273	-	273
Equipment	2,424	1,859	4,283
Accumulated depreciation	(2,348)	(1,819)	(4,167)
Total capital assets	686	1,242	1,928
Total assets	2,685	54,759	57,444
Deferred outflows of resources			
Deferred loss on refunding	4	27	31
Deferred outflows of resources related to pensions	2,656	34,465	37,121
Total deferred outflows of resources	2,660	34,492	37,152
Liabilities			
Current liabilities:			
Accrued payroll	12	241	253
Accounts payable	49	194	243
Compensated absences	33	1,125	1,158
Pension obligation bonds - current	37	269	306
Other liabilities	25	1,352	1,377
Unearned revenue	-	7,072	7,072
Accrued bond interest payable	5	36	41
Total current liabilities	161	10,289	10,450
Noncurrent liabilities:			
Accreted interest on pension obligation bonds	633	4,649	5,282
Pension obligation bonds	1,528	10,795	12,323
Total long-term debt	2,161	15,444	17,605
Other noncurrent liabilities			
Compensated absences	35	1,206	1,241
Other postemployment benefits	169	5,374	5,543
Net pension liability	3,103	32,717	35,820
Total other noncurrent liabilities	3,307	39,297	42,604
Total long-term liabilities	5,468	54,741	60,209
Total liabilities	5,629	65,030	70,659
Deferred inflows of resources			
Deferred inflows of resources related to pensions	1,915	37,014	38,929
Net position			
Net investment in capital assets	686	1,242	1,928
Unrestricted	(2,885)	(14,035)	(16,920)
Total net position (deficit)	$ (2,199)	$ (12,793)	$ (14,992)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	$ 1,636	$ 33,552	$ 35,188
Other revenues	93	438	531
Total operating revenues	1,729	33,990	35,719
Operating expenses:			
Personnel services	1,289	28,975	30,264
Supplies and materials	78	601	679
Contractual and other services	725	7,924	8,649
Depreciation	86	15	101
Total operating expenses	2,178	37,515	39,693
Operating income (loss)	(449)	(3,525)	(3,974)
Nonoperating revenues (expenses):			
Investment income	13	388	401
Interest on bonds and notes	(112)	(823)	(935)
Total nonoperating revenues (expenses)	(99)	(435)	(534)
Income before contributions and transfers	(548)	(3,960)	(4,508)
Transfers out	-	(2,688)	(2,688)
Change in net position	(548)	(6,648)	(7,196)
Net position, beginning of year	(1,651)	(6,145)	(7,796)
Net position, end of year	$ (2,199)	$ (12,793)	$ (14,992)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	$ 1,650	$ 34,509	$ 36,159
Cash payments to suppliers for goods and services	(42)	(755)	(797)
Cash payments to employees for services	(907)	(20,720)	(21,627)
Cash payments for contractual services	(724)	(7,723)	(8,447)
Other operating cash receipts (payments)	93	438	531
Net cash provided by (used in) operating activities	70	5,749	5,819
Cash flows from non capital financing activities:			
Principal paid on pension obligation bonds	(34)	(355)	(389)
Interest paid on pension obligation bonds	(106)	(679)	(785)
Transfers from other funds	-	-	-
Transfers to other funds	-	(2,688)	(2,688)
Other income	-	-	-
Net cash provided by (used in) non capital financing activities	(140)	(3,722)	(3,862)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(8)	(55)	(63)
Proceeds from sale of fixed assets	-	13	13
Net cash provided by (used in) capital and related financing activities	(8)	(42)	(50)
Cash flows from investing activities:			
Investment income	11	322	333
Net cash provided by (used in) investing activities	11	322	333
Net increase (decrease) in cash and cash equivalents	(67)	2,307	2,240
Cash and cash equivalents, beginning of year	1,758	50,807	52,565
Cash and cash equivalents, end of year	$ 1,691	$ 53,114	$ 54,805
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (449)	$ (3,525)	$ (3,974)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	86	15	101
Change in assets and liabilities			
(Increase) Decrease in accounts and other receivables	14	(124)	(110)
(Increase) Decrease in deferred outflows for pension contributions	919	17,825	18,744
Increase (Decrease) in accounts payable	36	(154)	(118)
Increase (Decrease) in accrued payroll	4	24	28
Increase (Decrease) in compensated absences	(9)	34	25
Increase (Decrease) in unearned revenue	-	1,081	1,081
Increase (Decrease) in other post employment benefits	(9)	609	600
Increase (Decrease) in net pension liability	(2,358)	(46,111)	(48,469)
Increase (Decrease) in other liabilities	1	201	202
Increase (Decrease) in deferred inflows for pension contributions	1,835	35,874	37,709
Total adjustments	519	9,274	9,793
Net cash provided by (used in) operating activities	$ 70	$ 5,749	$ 5,819
Current Assets:			
Pooled cash and cash equivalents	$ 1,691	$ 53,114	$ 54,805
Total cash and cash equivalents end of year	$ 1,691	$ 53,114	$ 54,805
Noncash investing, capital, and financing activities:			
Capital contributions	$ -	$ -	$ -
Premium/discount amortization	15	108	123
Accretion on capital appreciation bonds	87	636	723
Amortization of deferred gain/loss on refunding	1	5	6

INTERNAL SERVICE FUNDS

Equipment Services Fund – to account for the cost of providing vehicles, vehicle maintenance, and fuel and lubrication to other City departments.

Communication Equipment Services Fund – to account for the cost of providing communication services to other City Departments.

Office Systems Fund – to account for the cost of providing office supplies, printing, copying, and mailing services to other City Departments.

Information Systems Fund – to account for the cost of providing data processing and programming services to other City departments.

Risk Funds – to account for the cost of providing risk financing and insurance-related activities to other City departments.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2017
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Assets						
Current assets:						
Pooled cash and cash equivalents	$ 17,769	$ 3,227	$ 1,428	$ 41,787	$ 20,153	$ 84,364
Receivables:						
Accounts	-	22	13	40	1,449	1,524
Accrued interest	2	-	3	71	20	96
Inventories, at cost	2,415	237	466	-	-	3,118
Prepaid expenses	-	-	-	-	29	29
Other assets	-	-	-	-	4,349	4,349
Total current assets	20,186	3,486	1,910	41,898	26,000	93,480
Capital assets:						
Land	1,696	-	-	-	-	1,696
Buildings	2,772	1,663	-	-	-	4,435
Improvements other than buildings	365	456	-	248	-	1,069
Infrastructure	1,137	685	-	-	-	1,822
Equipment	88,893	15,230	210	20,195	336	124,864
Construction in progress	129	-	-	-	-	129
Accumulated depreciation	(81,831)	(16,927)	(210)	(17,181)	(336)	(116,485)
Total capital assets	13,161	1,107	-	3,262	-	17,530
Total assets	33,347	4,593	1,910	45,160	26,000	111,010
Deferred outflows of resources						
Deferred outflows of resources related to pensions	30,475	4,141	1,195	27,431	4,902	68,144
Liabilities						
Current liabilities:						
Accrued payroll	191	21	6	203	35	456
Accounts payable	3,025	64	185	6,297	4,355	13,926
Compensated absences	845	78	5	1,146	130	2,204
Estimated unpaid health claims	-	-	-	-	7,817	7,817
Estimated unpaid claims - general	-	-	-	-	69,512	69,512
Workers' compensation	-	-	-	-	6,744	6,744
Other liabilities	33	-	17	123	3,005	3,178
Total current liabilities	4,094	163	213	7,769	91,598	103,837
Noncurrent liabilities:						
Estimated unpaid claims - general	-	-	-	-	10,242	10,242
Workers' compensation	-	-	-	-	29,742	29,742
Compensated absences	907	84	5	1,229	139	2,364
Other postemployement benefits	5,142	379	126	3,541	1,053	10,241
Net pension liability	30,797	4,186	1,266	26,694	4,605	67,548
Total noncurrent liabilities	36,846	4,649	1,397	31,464	45,781	120,137
Total liabilities	40,940	4,812	1,610	39,233	137,379	223,974
Deferred inflows of resources						
Deferred inflows of resources related to pensions	30,667	4,147	1,110	29,431	5,481	70,836
Net position						
Net investment in capital assets	13,161	1,107	-	3,262	-	17,530
Unrestricted	(20,946)	(1,332)	385	665	(111,958)	(133,186)
Total net position (deficit)	$ (7,785)	$ (225)	$ 385	$ 3,927	$ (111,958)	$ (115,656)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Operating revenues						
Charges to other city departments	$ 53,898	$ 5,216	$ 3,820	$ 66,484	$ 108,513	$ 237,931
Charges to employees/retirees	-	-	-	-	57,822	57,822
Other revenues	126	-	185	1	540	852
Total operating revenues	54,024	5,216	4,005	66,485	166,875	296,605
Operating expenses						
Personnel services	22,884	2,988	710	23,688	14,102	64,372
Supplies and materials	22,364	633	2,488	1,435	173	27,093
Contractual and other services	8,113	1,388	658	36,003	200,243	246,405
Depreciation	3,111	125	-	391	-	3,627
Total operating expenses	56,472	5,134	3,856	61,517	214,518	341,497
Operating income (loss)	(2,448)	82	149	4,968	(47,643)	(44,892)
Nonoperating revenues (expenses):						
Investment income (loss)	12	(1)	10	174	48	243
Gain (loss) on property disposals	412	-	-	-	-	412
Total nonoperating revenues (expenses)	424	(1)	10	174	48	655
Income (loss) before transfers and contributions	(2,024)	81	159	5,142	(47,595)	(44,237)
Transfers in	6,052	-	-	-	-	6,052
Transfers out	(1,336)	(144)	(31)	(6,033)	(200)	(7,744)
	4,716	(144)	(31)	(6,033)	(200)	(1,692)
Change in net position	2,692	(63)	128	(891)	(47,795)	(45,929)
Net position (deficit), beginning of year	(10,477)	(162)	257	4,818	(64,163)	(69,727)
Net position (deficit), end of year	$ (7,785)	$ (225)	$ 385	$ 3,927	$ (111,958)	$ (115,656)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Cash flows from operating activities:						
Cash received from customers	$ 53,900	$ 5,215	$ 3,819	$ 66,482	$ 164,909	$ 294,325
Cash payments to suppliers for goods and services	(21,130)	(1,061)	(2,957)	(1,163)	1,716	(24,595)
Cash payments to employees for services	(16,053)	(2,126)	(561)	(16,765)	(14,290)	(49,795)
Cash payments for contractual services	(8,122)	(1,389)	(659)	(36,003)	(138,364)	(184,537)
Other operating cash receipts (payments)	126	-	185	1	540	852
Net cash provided by (used in) operating activities	8,721	639	(173)	12,552	14,511	36,250
Cash flows from non capital financing activities:						
Transfers from other funds	6,052	-	-	-	-	6,052
Transfers to other funds	(1,336)	(144)	(31)	(6,033)	(200)	(7,744)
Net cash provided by (used in) non capital financing activities	4,716	(144)	(31)	(6,033)	(200)	(1,692)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(2,264)	-	-	(262)	-	(2,526)
Proceeds from sale of capital assets	412	-	-	-	-	412
Net cash provided by (used in) capital and related financing activities	(1,852)	-	-	(262)	-	(2,114)
Cash flows from investing activities:						
Investment income	11	3	9	142	37	202
Net cash provided by (used in) investing activities	11	3	9	142	37	202
Net increase (decrease) in cash and cash equivalents	11,596	498	(195)	6,399	14,348	32,646
Cash and cash equivalents, beginning of year	6,173	2,729	1,623	35,388	5,805	51,718
Cash and cash equivalents, end of year	$ 17,769	$ 3,227	$ 1,428	$ 41,787	$ 20,153	$ 84,364
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (2,448)	$ 82	$ 149	$ 4,968	$ (47,643)	$ (44,892)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	3,111	125	-	391	-	3,627
Change in assets and liabilities						
(Increase) Decrease in accounts and other receivables	2	(1)	(1)	(2)	(1,426)	(1,428)
(Increase) Decrease in inventories	384	(64)	(334)	-	-	(14)
(Increase) Decrease in other assets	-	-	-	-	(2,304)	(2,304)
(Increase) Decrease in due from other funds	-	-	-	-	-	-
(Increase) Decrease in deferred outflows for pension contributions	14,871	2,010	543	14,082	2,627	34,133
Increase (Decrease) in accounts payable	850	(364)	(135)	272	1,889	2,512
Increase (Decrease) in accrued payroll	7	(5)	(1)	36	-	37
Increase (Decrease) in compensated absences	76	(21)	(56)	358	(24)	333
Increase (Decrease) in other post employment benefits	337	23	(32)	575	103	1,006
Increase (Decrease) in estimated unpaid health claims	-	-	-	-	(2,449)	(2,449)
Increase (Decrease) in estimated unpaid claims - general	-	-	-	-	62,389	62,389
Increase (Decrease) in workers' compensation	-	-	-	-	1,070	1,070
Increase (Decrease) in net pension liability	(38,111)	(5,155)	(1,376)	(36,614)	(6,827)	(88,083)
Increase (Decrease) in other liabilities	(9)	(1)	(1)	-	1,794	1,783
Increase (Decrease) in deferred inflows for pension contributions	29,651	4,010	1,071	28,486	5,312	68,530
Total adjustments	11,169	557	(322)	7,584	62,154	81,142
Net cash provided by (used in) operating activities	$ 8,721	$ 639	$ (173)	$ 12,552	$ 14,511	$ 36,250

FIDUCIARY FUNDS

Trust and Agency Funds – to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Trust and Agency Funds include Pension Trust Funds and Agency Funds.

Pension Trust Funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The Pension Trust Funds are used to account for the assets of the City's Employees' Retirement Fund, the Dallas Police and Fire Pension System, and the Police and Fire Supplemental Pension Fund.

Agency Funds are purely custodial and do not involve measurement of results of operations.

Cash Escrow Deposit Fund – to account for cash escrow bonds collected by the municipal court.

Confiscated Money Fund – to account for property confiscated in drug violation arrests.

Tax Distribution Fund – to account for the collection and distribution of ad valorem taxes for the City and the Dallas Independent School District.

Employee War and Savings Bond Fund – to account for employee payroll deductions for the purchase of savings bonds.

Deferred Compensation Fund – to account for the employees' 401k, tax-deferred compensation deductions.

Employee Benefits Fund – to account for employees' Dental, Vision, AD&D, and Dependent Life Insurance deductions and Health Maintenance Organization (HMO) employees' and City deductions. The City collects and remits premiums on behalf of the participants.

Dallas Tourism Public Improvement District (PID) Deposit Fund – to account for the collection and distribution of Tourism Public Improvement District recovery assessment fees for the Tourism PID.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS
September 30, 2017 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	$ 123,539	$ 324,120	$ 2,665	$ 450,324
Invested securities lending collateral	303,141	21,495	177	324,813
Receivables:				
Accounts	390,189	26,231	203	416,623
Accrued interest and dividends	12,076	2,921	24	15,021
Short-term investments	-	7,095	58	7,153
Equity securities	-	153,398	1,261	154,659
Domestic equities	1,255,384	-	-	1,255,384
U.S. and foreign government fixed income securities	214,768	267,687	2,201	484,656
Domestic corporate fixed income	658,962	-	-	658,962
International equities and fixed income	476,225	-	-	476,225
Commingled index funds	219,247	-	-	219,247
Real assets	-	1,119,758	9,207	1,128,965
Private equities and venture capital funds	399,707	262,620	2,159	664,486
Alternative investments	-	133,798	1,100	134,898
Forward currency contracts	-	(284)	(2)	(286)
Prepaid expenses	-	456	4	460
Capital assets, net	-	11,943	98	12,041
Total assets	4,053,238	2,331,238	19,155	6,403,631
Liabilities				
Accounts payable	7,968	5,987	49	14,004
Payable for securities purchased	4,314	24,154	199	28,667
Securities lending collateral	303,141	21,495	177	324,813
Other liabilities	385,772	128,940	1,060	515,772
Total liabilities	701,195	180,576	1,485	883,256
Net Position				
Net investment in capital assets	-	11,943	98	12,041
Restricted for pensions	3,352,043	2,138,719	17,572	5,508,334
Total net position	$ 3,352,043	$ 2,150,662	$ 17,670	$ 5,520,375

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2016.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
For the Year Ended September 30, 2017 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Additions:				
Contributions				
Employer	$ 56,130	$ 119,345	$ 3,064	$ 178,539
Employee	53,436	25,518	35	78,989
Total contributions	109,566	144,863	3,099	257,528
Net investment income:				
Interest and dividends	98,318	54,354	446	153,118
Net appreciation (depreciation) in fair value of investments	210,665	121,518	786	332,969
Securities lending income	1,747	657	5	2,409
Less investment expenses:				
Investment management fees	(14,933)	(11,683)	(96)	(26,712)
Custody fees	(187)	-	-	(187)
Consultant fees	(343)	-	-	(343)
Securities lending management fees	(349)	(258)	(2)	(609)
Total investment expenses	(15,812)	(11,941)	(98)	(27,851)
Net investment income	294,918	164,588	1,139	460,645
Other income	333	203	2	538
Total increases	404,817	309,654	4,240	718,711
Deductions:				
Benefit payments	243,775	821,738	5,912	1,071,425
Refund of contributions	5,864	3,354	-	9,218
Interest expense	-	4,532	37	4,569
Administrative expenses	5,343	9,492	78	14,913
Total deductions	254,982	839,116	6,027	1,100,125
Net increase (decrease) in net position available for benefits	149,835	(529,462)	(1,787)	(381,414)
Net position, beginning of year	3,202,208	2,680,124	19,457	5,901,789
Net position, end of year	$ 3,352,043	$ 2,150,662	$ 17,670	$ 5,520,375

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2016.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended September 30, 2017
(in thousands)

	Balance September 30, 2016	Additions	Deductions	Balance September 30, 2017
CASH ESCROW DEPOSIT FUND				
Assets				
Cash and other assets	$ 255	$ 240	$ 353	$ 142
Liabilities				
Due to other governments and other liabilities	255	240	353	142
CONFISCATED MONEY FUND				
Assets				
Cash and other assets	1,582	2,847	1,689	2,740
Liabilities				
Other liabilities	1,582	2,847	1,689	2,740
TAX DISTRIBUTION FUND				
Assets				
Cash and other assets	86	-	-	86
Liabilities				
Due to other funds and other liabilities	86	-	-	86
EMPLOYEE WAR AND SAVINGS BOND FUND				
Assets				
Cash and other assets	2	-	2	-
Liabilities				
Other liabilities	2	-	2	-
DEFERRED COMPENSATION FUND				
Assets				
Investments and other assets	67	46,772	46,788	51
Liabilities				
Due to employees - deferred compensation and other liabilities	67	46,772	46,788	51
EMPLOYEE BENEFITS FUND				
Assets				
Cash	120	16,875	16,628	367
Liabilities				
Other liabilities	120	16,875	16,628	367
DALLAS TOURISM PID DEPOSIT FUND				
Assets				
Cash	1,239	14,531	14,645	1,125
Liabilities				
Other liabilities	1,239	14,531	14,645	1,125
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and other assets	3,351	81,265	80,105	4,511
Liabilities				
Due to other funds and other liabilities	$ 3,351	$ 81,265	$ 80,105	$ 4,511

DEBT SERVICE FUND

The City maintains one fund to account for payment of principal and interest on the following general obligation debt: bonds, certificates of obligation, and equipment acquisition notes.

CITY OF DALLAS, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended September 30, 2017
(in thousands)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget-- Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	$ 242,487	$ 242,487	$ 242,775	$ 288
"Build America Bonds" Federal Subsidy	1,372	1,372	1,395	23
Investment income	-	101	437	336
Total revenues	243,859	243,960	244,607	647
Expenditures:				
Principal	152,294	152,514	148,966	3,548
Interest and fiscal charges	95,697	95,855	87,307	8,548
Other	13,874	13,496	13,078	418
Total expenditures	261,865	261,865	249,351	12,514
Excess of revenues over expenditures	(18,006)	(17,905)	(4,744)	13,161
Other financing sources:				
Transfers	18,427	18,326	6,278	(12,048)
Excess of revenues and other financing sources over expenditures	421	421	1,534	1,113
Fund balance, beginning of year	8,278	8,278	8,278	-
Fund balance, end of year	$ 8,699	$ 8,699	$ 9,812	$ 1,113

Adjustments necessary to convert the deficiency of revenues and other sources under expenditures and other uses on the budget basis to a GAAP basis are provided below:

Deficiency of revenues and other financing sources over expenditures and other uses-GAAP basis	$ 1,534

DISCRETELY PRESENTED COMPONENT UNITS

Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate income citizen opportunities for single family residential home ownership.

Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities which are incidental thereto for the benefit of low and moderate-income persons.

Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.

Downtown Dallas Development Authority – to account for tax increment financing revenue bonds issued to finance major improvements by developers on behalf of the City.

North Oak Cliff Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the district, and educational scholarships for college-bound students residing in or out of the District.

Cypress Waters Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the District.

Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel to be located within 1,000 feet of the Dallas Convention Center.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
As of September 30, 2017
(in thousands)

	Governmental-type Activities Component Units							Business-Type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total Governmental	Dallas Convention Center Hotel Development Corporation *
Assets:								
Current assets:								
Cash and cash equivalents	$ 739	$ 399	$ 2,346	$ 15,657	$ 7	$ -	$ 19,148	$ 86,574
Investments, at fair value	3,402	-	13	-	-	-	3,415	-
Receivables	692	-	597	18	-	-	1,307	5,446
Inventory	-	-	-	-	-	-	-	651
Prepaid expenses	6	-	-	-	-	-	6	602
Land held for resale	-	705	-	-	-	-	705	-
Franchise fee (net of accumulated amortization)	-	-	-	-	-	-	-	24
Restricted assets:								
Cash and cash equivalents	-	-	-	7,980	-	-	7,980	27,074
Investments, at fair value	-	-	-	-	-	-	-	37,052
Capital assets:								
Buildings	1,958	-	-	-	-	-	1,958	330,745
Furniture, fixtures, and equipment	98	-	-	-	-	-	98	42,302
Land	1,447	-	-	-	-	-	1,447	27,511
Construction in progress	-	-	-	-	-	-	-	-
Less: Accumulated depreciation	(362)	-	-	-	-	-	(362)	(68,591)
Total assets	7,980	1,104	2,956	23,655	7	-	35,702	489,390
Liabilities:								
Accrued payroll	-	-	-	-	-	-	-	1,460
Accounts payable	46	230	26	-	3	-	305	1,950
Accrued expenses	5	-	-	-	-	-	5	1,561
Accrued taxes payable	-	-	-	-	-	-	-	655
Unearned revenue	-	-	-	-	-	-	-	4,103
Accrued interest payable	-	-	-	181	-	-	181	15,470
Accounts payable Omni	-	-	-	-	-	-	-	665
Other liabilities	3	-	-	-	-	319	322	275
Long-term liabilities:								
Due within one year	-	-	-	2,715	-	-	2,715	8,615
Due in more than one year	-	-	-	93,135	-	-	93,135	474,261
Total liabilities	54	230	26	96,031	3	319	96,663	509,015
Deferred inflows of resources	974	-	-	-	-	-	974	24
Net position:								
Net investment in capital assets	3,141	-	-	-	-	-	3,141	(64,164)
Restricted for debt service	-	404	-	7,983	-	-	8,387	-
Unrestricted	3,811	470	2,930	(80,359)	4	(319)	(73,463)	44,515
Total net position	$ 6,952	$ 874	$ 2,930	$ (72,376)	$ 4	$ (319)	$ (61,935)	$ (19,649)

* The information reported for the Housing Finance Corporation and the Dallas Convention Center Hotel Development Corporation is as of December 31, 2016.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended September 30, 2017
(in thousands)

	Governmental-type Activities Component Units							Business-Type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total	Dallas Convention Center Hotel Development Corporation *
Operating revenues:								
Charges for services	$ 703	$ -	$ 905	$ -	$ -	$ -	$ 1,608	$ 108,231
Other revenues	-	727	-	-	-	-	727	-
Intergovernmental	-	-	-	20,379	-	-	20,379	-
Total operating revenues	703	727	905	20,379	-	-	22,714	108,231
Operating expenses:								
Personnel services	151	330	-	-	-	-	481	-
Contractual and other services	244	672	372	14,812	3	14	16,117	69,944
Interest and service charges	-	-	-	5,632	-	-	5,632	-
Depreciation and amortization	80	-	-	-	-	-	80	13,608
Total operating expenses	475	1,002	372	20,444	3	14	22,310	83,552
							-	
Operating income (loss)	228	(275)	533	(65)	(3)	(14)	404	24,679
Nonoperating revenues (expenses):								
Interest and dividends	16	-	-	65	-	-	81	1,302
Interest on bonds	-	-	-	-	-	-	-	(32,107)
City tax revenue	-	-	-	-	-	-	-	9,071
Other expense	-	(35)	-	-	6	-	(29)	9,070
Total nonoperating revenues (expenses)	16	(35)	-	65	6	-	52	(12,664)
							-	
Change in net position	244	(310)	533	-	3	(14)	456	12,015
							-	
Net position, beginning of year	6,708	1,184	2,397	(72,376)	1	(305)	(62,391)	(31,664)
Net position, end of year	$ 6,952	$ 874	$ 2,930	$ (72,376)	$ 4	$ (319)	$ (61,935)	$ (19,649)

* The information reported for the Housing Finance Corporation and the Dallas Convention Center Hotel Development Corporation is as of December 31, 2016.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE
As of September 30, 2017
(in thousands)

Governmental funds capital assets:		
Land	$	492,921
Construction in progress		329,632
Buildings		1,337,118
Improvements other than buildings		684,284
Equipment		577,504
Infrastructure		2,572,978
Artwork		49,867
Total governmental funds capital assets	$	6,044,304
Investments in governmental funds capital assets by source:		
General fund	$	221,776
Other trust and agency funds - municipality		126,722
Special revenue fund		191,386
Capital projects fund		4,573,362
Transfer from (to) enterprise funds		405,339
Gifts and forfeitures		525,719
	$	6,044,304

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
As of September 30, 2017
(in thousands)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Equipment	Infrastructure	Artwork	Total
General government								
City attorney	$ -	$ -	$ -	$ 8	$ 344	$ -	$ -	$ 352
City auditor	-	-	-	-	112	-	-	112
Office of financial services	-	-	4	1,419	42,210	1,491	-	45,124
Municipal Court	-	-	826	-	3,729	30	-	4,585
City secretary	-	-	-	-	119	-	-	119
Civil service	-	-	-	-	118	-	-	118
Planning and Development	24,286	-	33,745	43,294	20,364	89,409	-	211,098
Employee retirement	-	-	-	-	13	-	-	13
Equipment, communications and information services	397	-	36,230	2,691	101,224	12,259	-	152,801
Human resources	-	-	-	-	5,653	-	-	5,653
International Affairs	-	-	-	-	28	-	-	28
Mayor and council	-	-	-	-	212	-	-	212
Police and fire pension	-	-	-	-	30	-	-	30
Public safety								
Fire	3,493	-	26,939	52	109,062	21	-	139,567
Police	9,329	-	94,018	50	33,779	3,181	-	140,357
Public market	4,771	-	4,355	515	199	741	-	10,581
Code Compliance		-			638		-	638
Environmental and health services	3,738	-	7,234	866	924	478	-	13,240
Public works and transportation	257,466	-	593,963	77,064	106,030	2,326,734	512	3,361,769
Culture and recreation	152,038	-	426,862	557,068	25,849	31,513	49,298	1,242,628
Library	1,178	-	63,255	29	120,564	348	-	185,374
Housing	6,794	-	9,947	1,228	97	11,404	57	29,527
Unallocated - Primarily assets acquired prior to 1977	29,431	-	39,740	-	6,206	95,369	-	170,746
Construction in progress	-	329,632	-	-	-	-	-	329,632
Total Capital Assets of governmental funds	$ 492,921	$ 329,632	$ 1,337,118	$ 684,284	$ 577,504	$ 2,572,978	$ 49,867	$ 6,044,304

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
As of September 30, 2017
(in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2016	Additions	Dispositions	Governmental Funds Capital Assets September 30, 2017
General government				
City attorney	$ 352			$ 352
City auditor	112			112
Office of financial services	44,274	850		45,124
Muncipal court	4,369	216		4,585
City secretary	119			119
Civil service	118			118
Planning and development	196,830	15,910	1,642	211,098
Employee retirement	13			13
Equipment, communications and information services	- 129,290	24,449	938	152,801
Human resources	5,653			5,653
International affairs	28			28
Mayor and council	212			212
Police and fire pension	30			30
Public safety	-			-
Fire	126,575	12,992		139,567
Police	139,950	474	68	140,356
Public market	10,581			10,581
Code Compliance		638		638
Environmental and health services	13,221	19		13,240
Public works and transportation	3,229,728	135,539	3,498	3,361,769
Culture and recreation	1,214,876	28,708	956	1,242,628
Housing	26,659	2,868		29,527
Library	181,821	3,554		185,375
Unallocated - primarily assets acquired prior to 1977	170,746			170,746
Construction in progress	342,556	174,626	187,550	329,632
Total capital asssets used in the operation of governmental funds	$ 5,838,113	$ 400,843	$ 194,652	$ 6,044,304

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

The City of Dallas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10-14
Demographic & Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	15-16
Operating information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	17-19

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DALLAS, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(in thousands)

	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	$ 1,657,571	$ 1,699,281	$ 2,128,770	$ 2,144,338
Restricted	60,532	46,353	73,825	188,549
Unrestricted	(178,079)	(207,135)	(266,121)	(270,121)
Total Governmental Activities net position	1,540,024	1,538,499	1,936,474	2,062,766
Business-Type Activities				
Net investment in capital assets	2,357,750	2,452,779	2,533,106	2,586,775
Restricted for debt service	194,824	205,547	184,874	172,515
Unrestricted	221,785	185,917	195,273	273,611
Total Business-Type Activities net position	2,774,359	2,844,243	2,913,253	3,032,901
Primary government				
Net investment in capital assets	4,015,321	4,152,060	4,661,876	4,731,113
Restricted	255,356	251,900	258,699	361,064
Unrestricted	43,706	(21,218)	(70,848)	3,490
Total primary government net position	$ 4,314,383	$ 4,382,742	$ 4,849,727	$ 5,095,667

(1) In fiscal year 2016, Sanitation was reclassified from governmental activities to business-type activities.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent year's Comprehensive Annual Financial Report, Management Discussion and Analysis

Table 1

2012	2013	2014	2015	2016 (1)	2017
$ 2,201,645	$ 2,241,628	$ 2,406,821	$ 2,520,158	$ 2,640,551	$ 2,746,024
159,022	216,280	144,269	195,210	169,538	180,303
(279,979)	(294,490)	(306,474)	(5,393,940)	(6,163,516)	(6,773,455)
2,080,688	2,163,418	2,244,616	(2,678,572)	(3,353,427)	(3,847,128)
2,648,976	2,738,208	2,770,931	2,778,732	2,917,498	3,009,285
214,249	212,472	223,230	261,399	288,970	360,630
290,977	292,801	362,862	239,436	1,946	(50,473)
3,154,202	3,243,481	3,357,023	3,279,567	3,208,414	3,319,442
4,850,621	4,979,836	5,177,752	5,298,890	5,558,049	5,755,309
373,271	428,752	367,499	456,609	458,508	540,933
10,998	(1,689)	56,388	(5,154,504)	(6,161,570)	(6,823,928)
$ 5,234,890	$ 5,406,899	$ 5,601,639	$ 600,995	$ (145,013)	$ (527,686)

CITY OF DALLAS, TEXAS
CHANGE IN NET POSITION
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(in thousands)

Expenses	2008	2009	2010	2011
Governmental Activities:				
General government	$ 188,879	$ 211,380	$ 193,144	$ 180,347
Public safety	659,915	688,891	658,225	640,010
Code enforcement (2)	-	-	-	-
Environmental and health services	33,230	37,590	12,128	23,304
Streets, lighting, sanitation, code enforcement (3)	176,503	159,930	156,411	175,984
Public works and transportation	70,931	40,749	52,285	59,553
Equipment and building services	31,047	21,001	27,194	26,848
Cultural and recreation	146,418	158,040	139,581	128,323
Housing	1,706	1,270	17,298	7,849
Human services	25,547	32,384	34,018	32,911
Interest on long-term debt	89,525	93,412	90,822	105,350
Total Governmental Activities	1,423,701	1,444,647	1,381,106	1,380,479
Business-Type Activities:				
Dallas water utilities	396,771	425,165	425,750	431,565
Convention center	84,608	81,926	77,056	80,532
Airport revenues	43,144	46,808	43,760	63,219
Sanitation (2)	-	-	-	-
Municipal radio	3,313	2,976	3,031	3,123
Building inspection	24,018	21,638	16,659	16,793
Total Business-Type Activities	551,854	578,513	566,256	595,232
Total primary government expenses	1,975,555	2,023,160	1,947,362	1,975,711
Program revenues				
Governmental Activities:				
Charges for services				
General government	80,647	88,636	94,646	100,470
Public safety	52,475	68,455	75,160	59,955
Code enforcement (2)	99,803	88,010	98,043	103,828
Environmental and health services	5,895	5,946	-	4
Streets, public works, and transportation (3)	11,977	9,968	10,004	10,356
Equipment and building services	994	1,707	561	571
Cultural and recreation	15,499	17,950	15,182	16,286
Housing	40	868	637	2,557
Human Services	14	21	13,197	9,333
Operating grants and contributions	71,772	79,204	104,839	118,369
Capital grants and contributions	15,821	4,986	342,031	32,267
Total Governmental Activities	354,937	365,751	754,300	453,996
Business-Type Activities:				
Charges for services				
Dallas water utilities	451,408	467,929	467,527	524,281
Convention center	20,392	16,754	19,104	20,640
Airport revenues	48,224	51,836	59,229	64,456
Sanitation (2)	-	-	-	-
Municipal radio	3,227	2,640	2,887	3,008
Building inspection	21,819	15,609	18,469	23,107
Operating grants and contributions	-	-	-	-
Capital grants and contributions	29,779	26,195	30,519	33,754
Total Business-Type Activities	574,849	580,963	597,735	669,246
Total primary government program revenues	929,786	946,714	1,352,035	1,123,242
Net (Expense) Revenue				
Governmental Activities	(1,068,764)	(1,078,896)	(626,806)	(926,483)
Business-Type Activities	22,995	2,450	31,479	74,014
Total primary government net expense	(1,045,769)	(1,076,446)	(595,327)	(852,469)
General Revenues:				
Taxes:				
Ad valorem tax	623,625	662,433	637,304	659,400
Sales taxes	231,108	208,169	205,933	217,148
Franchise taxes	127,551	124,891	123,721	128,757
Tax increment financing, intergovernmental	8,857	10,764	6,739	6,601
Interest on investments	47,644	35,762	9,045	6,830
Miscellaneous	41,273	27,063	20,531	18,252
Transfer	2,973	8,289	21,508	15,787
Total general revenues	1,083,031	1,077,371	1,024,781	1,052,775
Business-Type Activities:				
Hotel occupancy tax	49,235	41,969	42,114	44,969
Motor vehicle tax	4,471	4,171	4,373	3,470
Alcohol beverage tax	7,856	7,533	7,398	7,656
Investment Income	27,720	20,909	4,097	4,439
Miscellaneous	1,295	1,141	1,057	887
Transfer	(2,973)	(8,289)	(21,508)	(15,787)
Special item	-	-	-	-
Total Business-Type Activities	87,604	67,434	37,531	45,634
Change in Net Position				
Governmental Activities	14,267	(1,525)	397,975	126,292
Business-Type Activities	110,599	69,884	69,010	119,648
Total primary government	$ 124,866	$ 68,359	$ 466,985	$ 245,940

(1) Fiscal year 2014 beginning net position was not restated because information was not available.

(2) In fiscal year 2017, streets, public works, and transportation were combined. Code enforcement was reported separately.

(3) In fiscal year 2016, Sanitation was reclassified from governmental activities to business-type activities.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent year's Comprehensive Annual Financial Report, Management Discussion and Analysis

Table 2

2012	2013	2014 (1)	2015	2016	2017
$ 190,927	$ 191,643	$ 263,147	$ 220,164	$ 339,671	$ 312,279
690,906	684,636	684,808	594,747	1,345,492	1,284,942
-	-	-	-	-	60,897
20,689	19,026	16,747	18,067	19,431	17,455
177,005	194,248	192,981	213,665	195,187	222,444
120,640	66,755	62,168	74,130	88,141	-
22,999	28,259	35,369	36,917	50,829	46,620
119,466	135,934	142,519	160,527	222,921	201,716
10,230	12,998	10,367	17,529	32,694	23,696
25,640	21,995	24,006	20,451	26,789	25,703
84,824	74,193	75,133	63,404	80,890	70,676
1,463,326	1,429,687	1,507,245	1,419,601	2,402,045	2,266,428
429,313	436,858	429,034	499,585	586,505	524,308
80,412	93,115	90,377	92,661	105,869	105,864
65,526	77,516	91,807	103,950	137,143	144,903
-	-	-	-	116,152	103,363
2,390	2,312	2,047	2,254	3,009	2,290
17,579	21,021	23,647	28,704	45,988	38,338
595,220	630,822	636,912	727,154	994,666	919,066
2,058,546	2,060,509	2,144,157	2,146,755	3,396,711	3,185,494
92,813	101,896	100,673	104,237	115,901	110,857
64,196	74,746	59,061	74,126	102,308	116,033
108,354	102,117	102,621	109,391	18,984	9,959
-	-	-	-	71	289
8,113	13,361	13,143	5,572	6,551	4,378
911	807	882	979	1,157	886
16,862	19,503	21,021	19,972	21,467	21,831
1,899	3,488	2,234	1,994	2,973	1,646
1,728	142	146	118	122	104
112,654	77,534	70,935	77,038	75,560	73,693
13,823	39,035	85,718	59,712	31,092	64,858
421,353	432,629	456,434	453,139	376,186	404,534
527,374	551,498	564,546	573,327	607,329	632,469
28,727	27,936	24,207	28,211	32,858	32,892
64,052	70,553	84,426	109,777	123,757	133,677
-	-	-	-	102,283	106,618
2,398	1,920	1,908	1,975	1,608	1,636
23,429	26,867	28,208	31,378	33,648	33,552
606	5,192	5,699	5,937	6,343	6,296
21,734	53,977	16,586	21,135	37,317	22,050
668,320	737,943	725,580	771,740	945,143	969,190
1,089,673	1,170,572	1,182,014	1,224,879	1,321,329	1,373,724
(1,041,973)	(997,058)	(1,050,811)	(966,462)	(2,025,859)	(1,861,894)
73,100	107,121	88,668	44,586	(49,523)	50,124
(968,873)	(889,937)	(962,143)	(921,876)	(2,075,382)	(1,811,770)
649,459	659,693	687,573	735,913	791,420	854,136
231,327	243,697	257,467	275,250	285,669	295,361
129,508	131,009	136,951	132,719	140,184	144,205
6,172	6,937	4,108	4,892	6,473	8,829
6,469	2,526	2,667	7,550	10,089	9,567
17,558	14,448	11,235	43,588	16,771	13,792
19,402	21,478	32,008	23,120	32,856	42,303
1,059,895	1,079,788	1,132,009	1,223,032	1,283,462	1,368,193
40,047	45,182	50,374	53,931	59,225	59,746
-	-	-	-	-	-
6,728	7,648	10,256	11,247	12,058	12,624
3,626	1,964	2,416	5,901	6,786	6,505
866	908	208	314	699	24,332
(19,402)	(21,478)	(32,008)	(23,120)	(32,856)	(42,303)
(13,664)	(22,066)	(6,372)	-	-	-
18,201	12,158	24,874	48,273	45,912	60,904
17,922	82,730	81,198	256,570	(742,397)	(493,701)
91,301	119,279	113,542	92,859	(3,611)	111,028
$ 109,223	$ 202,009	$ 194,740	$ 349,429	$ (746,008)	$ (382,673)

CITY OF DALLAS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(in thousands)

	2008	2009	2010	2011
General Fund				
Nonspendable	$ 7,904	$ 9,612	$ 9,034	$ 8,515
Restricted	19,692	4,253	2,599	7,431
Committed	2,459	2,233	1,988	1,740
Assigned	25,036	18,111	19,201	20,446
Unassigned	63,247	69,789	59,150	83,289
Total General Fund	118,338	103,998	91,972	121,421
All Other Governmental Funds				
Nonspendable	12,504	12,054	12,538	11,974
Restricted	882,170	893,870	793,287	668,328
Committed	14,915	15,544	13,994	10,748
Total All Other Governmental Funds	909,589	921,468	819,819	691,050
Total all Governmental Funds	$ 1,027,927	$ 1,025,466	$ 911,791	$ 812,471

(1) In fiscal year 2016, Sanitation was reclassifed from governmental funds to enterprise funds.

Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, notes to the financial statements

Table 3

2012	2013	2014	2015	2016 (1)	2017
$ 9,289	$ 9,324	$ 10,044	$ 9,894	$ 10,659	$ 11,143
11,431	8,506	11,236	8,485	9,593	12,061
1,490	1,250	1,250	10,570	1,250	1,250
25,621	17,086	28,905	29,603	15,836	38,963
101,205	120,839	129,239	141,550	153,693	171,747
149,036	157,005	180,674	200,102	191,031	235,164
13,116	13,647	13,885	17,119	17,484	14,044
521,775	546,308	367,619	650,698	761,184	658,712
11,540	14,406	14,541	14,602	13,781	17,186
546,431	574,361	396,045	682,419	792,449	689,942
$ 695,467	$ 731,366	$ 576,719	$ 882,521	$ 983,480	$ 925,106

CITY OF DALLAS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(in thousands)

	2008	2009	2010	2011
REVENUES:				
Ad valorem taxes	$ 619,207	$ 658,195	$ 643,517	$ 659,793
Tax increment financing, intergovernmental	8,857	-	6,739	6,601
Sales taxes	231,108	208,169	205,933	217,148
Franchise fees	127,551	124,891	123,721	128,757
Licenses and permits	3,696	3,569	5,349	5,798
Intergovernmental	76,779	94,954	114,928	128,400
Service to others	196,787	215,197	230,373	232,350
Fines and forfeitures	37,876	37,774	41,364	38,781
Investment income	46,440	34,996	8,962	6,664
Contributions and gifts	13,526	6,988	5,824	22,236
Confiscated money awards	2,924	2,101	3,758	1,784
Other revenues	17,596	8,468	4,676	5,705
Total revenues	1,382,347	1,395,302	1,395,144	1,454,017
EXPENDITURES:				
Current:				
General government	158,125	178,832	177,777	162,471
Public safety	611,754	629,199	640,205	622,299
Code enforcement (1)	158,997	149,060	149,969	159,052
Environmental and health services	34,057	37,639	20,009	23,419
Streets, public works, and transportation (1) (2)	18,766	15,452	13,803	15,681
Equipment and building services	23,331	12,280	21,260	19,827
Culture and recreation	124,750	124,073	107,140	105,253
Housing	1,487	1,303	8,257	7,249
Human services	24,593	28,991	32,819	33,035
Debt Service:				
Principal	141,780	150,909	202,748	152,193
Interest and fiscal charges	83,410	96,037	89,580	99,080
Payment to refunded bond escrow agent	-	-	-	-
Capital outlay	331,020	279,211	230,864	207,362
Total expenditures	1,712,070	1,702,986	1,694,431	1,606,921
Excess(deficiency) of revenues over expenditures	(329,723)	(307,684)	(299,287)	(152,904)
OTHER FINANCING SOURCES(USES):				
Transfers in	37,017	85,603	72,376	42,946
Transfers out	(31,762)	(72,925)	(46,244)	(21,498)
Proceeds from sale of capital assets	9,240	33,762	5,943	10,662
Premium on debt issued	17,496	7,945	32,032	21,613
Issuance of long-term debt	387,034	250,838	303,686	159,816
Payment to refunded bond escrow agent	(74,151)	-	(182,181)	(217,974)
Proceeds from repayment of notes receivable	-	-	-	-
Refunding bonds issued	70,610	-	-	58,019
Total other financing sources(uses)	415,484	305,223	185,612	53,584
Net change in fund balance	$ 85,761	$ (2,461)	$ (113,675)	$ (99,320)
Debt service as a percentage of noncapital expenditures	16.31%	17.34%	19.97%	17.95%

(1) In fiscal year 2017, streets, public works, and transportation were combined. Code enforcement was reported separately.

(2) In fiscal year 2016, Sanitation was reclassifed from governmental funds to enterprise funds.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, notes to the financial statements.

Table 4

2012	2013	2014	2015	2016 (1)	2017
$ 650,701	$ 660,496	$ 687,891	$ 734,885	$ 791,087	$ 853,733
6,172	6,937	4,108	4,892	6,473	8,829
231,327	243,697	257,467	275,250	285,669	295,361
129,508	131,009	136,951	132,719	140,184	144,205
6,185	6,271	6,232	6,047	6,232	5,242
118,042	102,879	99,326	87,633	98,329	95,019
224,869	236,911	255,997	261,685	182,959	192,420
36,336	35,525	34,079	34,879	39,262	37,336
6,350	2,454	2,542	7,235	9,804	9,324
8,555	19,367	32,057	25,848	15,270	18,931
2,883	2,253	3,493	4,764	3,256	2,810
4,764	3,215	7,671	9,401	12,640	14,898
1,425,692	1,451,014	1,527,814	1,585,238	1,591,165	1,678,108
170,268	172,910	227,195	203,780	224,342	240,142
623,260	643,510	656,941	685,444	700,430	721,753
157,829	165,875	175,853	186,631	129,472	40,509
20,623	18,629	16,662	17,757	18,576	16,597
20,336	28,548	19,467	17,257	18,046	112,924
17,406	21,290	25,648	23,439	24,375	25,411
101,776	110,676	120,198	129,866	140,566	147,098
8,327	9,499	10,290	13,551	11,932	14,075
26,677	22,747	20,741	20,440	25,285	25,284
154,600	147,293	147,177	168,962	165,234	169,820
88,608	78,611	79,256	84,543	93,109	89,778
-	3,204	-	-	2,880	-
237,055	240,196	265,262	204,012	228,726	213,060
1,626,765	1,662,988	1,764,690	1,755,682	1,782,973	1,816,451
(201,073)	(211,974)	(236,876)	(170,444)	(191,808)	(138,343)
48,093	38,508	57,022	41,053	54,465	64,359
(23,330)	(14,178)	(18,647)	(15,357)	(19,265)	(28,929)
8,157	17,427	2,238	32,976	610	342
3,261	69,304	-	95,392	31,556	-
47,888	517,671	41,616	388,895	230,310	44,197
-	(380,859)	-	(271,433)	-	-
-	-	-	-	6,143	-
-	-	-	204,720	2,880	-
84,069	247,873	82,229	476,246	306,699	79,969
$ (117,004)	$ 35,899	$ (154,647)	$ 305,802	$ 114,891	$ (58,374)
17.50%	15.88%	15.10%	16.34%	16.62%	16.19%

Table 5

CITY OF DALLAS, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Real Property Estimated Market Value [2]	Personal Property Estimated Market Value [2]	Less: Tax-Exempt Property [2]	Total Taxable Assessed Value [1] [4]	Total Direct Tax Rate [3]
2008	$ 91,914,767	$ 14,177,424	$ (21,565,257)	$ 84,526,934	0.7479
2009	100,983,132	14,859,528	(25,364,727)	90,477,933	0.7479
2010	97,533,425	15,055,400	(25,324,730)	87,264,095	0.7479
2011	94,008,753	13,706,221	(24,289,495)	83,425,479	0.7970
2012	92,312,007	13,741,870	(24,060,131)	81,993,746	0.7970
2013	94,522,089	14,203,657	(25,044,024)	83,681,722	0.7970
2014	98,764,424	14,903,530	(26,416,432)	87,251,522	0.7970
2015	106,519,690	14,900,052	(28,281,532)	93,138,210	0.7970
2016	115,476,547	15,323,489	(30,481,099)	100,318,937	0.7970
2017	128,220,454	15,903,571	(33,736,396)	110,387,629	0.7825

Notes:

[1] Total Taxable Assessed Value represents original certified taxable value determined by the Dallas, Collin, Denton, and Rockwall Central Appraisal District.

[2] Values for each fiscal year reflect the tax rolls of the previous year (i.e., 2017 fiscal year reflects 2016 tax roll). See Note 1 in the Notes to the Financial Statements for more information.

[3] Per $100 of valuation.

[4] Exemptions are granted by the City within the constraints of Texas Constitutional law SC 5.

Source: Dallas Central Appraisal District

CITY OF DALLAS, TEXAS
CITY TAX RATE DISTRIBUTION
Last Ten Fiscal Years (Unaudited)
(Per $100 of Assessed Value)
(in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund	$ 0.5196	$ 0.5230	$ 0.4918	$ 0.5324	$ 0.5379	$ 0.5439	$ 0.5601	$ 0.5646	$ 0.5646	$ 0.5601
Debt Service Fund	$ 0.2283	$ 0.2249	$ 0.2561	$ 0.2646	$ 0.2591	$ 0.2531	$ 0.2369	$ 0.2324	$ 0.2324	$ 0.2224
Total City Tax Rate	$ 0.7479	$ 0.7479	$ 0.7479	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7825

Source: Dallas Central Appraisal District

CITY OF DALLAS, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERALAPPING TAX RATES
(PER $100 OF ASSESSED VALUE)
Last Ten Fiscal Years (Unaudited)

	City Direct Rates [1]		Overlapping Rates [2]					
Fiscal Year	Operating General Rates	General Obligation Debt Service	Dallas County	Dallas County Community College District	Dallas Independent School District	Dallas County School Equalization	Dallas County Hospital District	Total Ad valorem Rate
2008	$ 0.51960	$ 0.22830	$ 0.22810	$ 0.08040	$ 1.19964	$ 0.00471	$ 0.25400	$ 2.51004
2009	0.52300	0.22490	0.22810	0.08940	1.18340	0.00493	0.25400	2.50280
2010	0.49180	0.25610	0.22810	0.09490	1.27134	0.00521	0.27400	2.61624
2011	0.53240	0.26460	0.24310	0.09923	1.23781	0.01000	0.27100	2.64814
2012	0.53790	0.25910	0.24310	0.09967	1.29035	0.01000	0.27100	2.70112
2013	0.54390	0.25310	0.24310	0.11938	1.29035	0.00994	0.27100	2.72083
2014	0.56010	0.23690	0.24310	0.12470	1.28209	0.01000	0.27600	2.72289
2015	0.56460	0.23240	0.24310	0.12478	1.28209	0.01000	0.28600	2.73297
2016	0.56460	0.23240	0.24310	0.12365	1.28209	0.01000	0.28600	2.73184
2017	0.56010	0.22240	0.24310	0.12424	1.28209	0.01000	0.27940	2.71133

Source: Dallas Central Appraisal District

[1] The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limit of the State law, after which the City's residents may petition for a vote. Rates for debt service are set based on each year's requirements.

[2] Overlapping rates are those of local and county governments that apply to property owners within the City of Dallas.

Table 8

CITY OF DALLAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Current tax collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2008	2007	$ 632,177	$ 606,659	95.96%	$ 6,445	$ 613,104	96.98%
2009	2008	676,684	647,697	95.72%	4,413	652,110	96.37%
2010	2009	652,648	631,848	96.81%	5,590	637,438	97.67%
2011	2010	664,901	647,605	97.40%	6,562	654,167	98.39%
2012	2011	653,490	638,999	97.78%	5,561	644,560	98.63%
2013	2012	666,943	650,496	97.53%	4,572	655,068	98.22%
2014	2013	695,395	678,179	97.52%	4,258	682,437	98.14%
2015	2014	742,312	724,668	97.62%	4,468	729,136	98.23%
2016	2015	799,542	780,733	97.65%	4,431	785,164	98.20%
2017	2016	863,783	850,200	98.43%	4,853	855,053	98.99%

Source: Dallas County Tax Assessor/Collector

Table 9

CITY OF DALLAS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago (Unaudited)
(in thousands)

		2017			2008		
Name of Taxpayer	**Nature of Property**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Valuation**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Valuation**
Oncor Electric Delivery	Electric Utility	$ 772,834	1	0.77%	-	-	-
Nortpark Land Partners	Developer	667,810	2	0.67%	590,682	4	0.65%
AT&T Corporation	Telephone Utility	597,650	3	0.60%	974,700	2	1.08%
Texas Instruments	Electronic Manufacturing	539,500	4	0.54%	-	-	-
Southwest Airlines	Air Transportation	481,752	5	0.48%	491,101	6	0.54%
FM Village Fixed Rate LLC	Developer	471,339	6	0.47%	-	-	-
Walmart Stores, Inc.	Retailer	420,068	7	0.42%	-	-	-
Galleria Mall Investors LP	Developer	348,729	8	0.35%	418,988	8	0.46%
Post Properties, Inc.	Real Estate/Developer	330,500	9	0.33%	-	-	-
Teachers Insurance	Insurance	298,460	10	0.30%	419,265	7	0.46%
Raytheon/Texas Instruments	Electronic Manufacturing	-	-	-	1,305,317	1	1.44%
Texas Utilities	Electric Utility	-	-	-	719,339	3	0.80%
Crescent Real Estate	Real Estate/Developer	-	-	-	566,961	5	0.63%
YPI Thanksgiving Tower/Central Expy Etal	Real Estate/Developer	-	-	-	374,059	9	0.41%
PC Village Apartments Dallas LP	Developer	-	-	-	317,965	10	0.35%
		$ 4,928,642		4.93%	$ 6,178,377		6.82%

Source: Dallas County Tax Office

CITY OF DALLAS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended September 30, 2017 (Unaudited)
(in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct Debt:			
City of Dallas			
Debt repaid with property taxes			
General Obligation Bonds	$ 1,486,496		$ 1,486,496
Certificates of Obligation	14,117		14,117
Pension Obligation Bonds	377,131		377,131
Other Debt			
Capital Leases Payable	59,565		59,565
Commercial Paper	9,650		9,650
Long-term Notes Payable	49,027		49,027
Subtotal, direct debt	1,995,986	100.00 %	1,995,986
Overlapping Debt:			
Carrollton-Farmers Branch ISD	211,775	7.10 %	15,036
Cedar Hill Independent School District	120,393	1.17 %	1,409
Collin County	352,380	4.23 %	14,906
Collin County Community College District	14,590	4.23 %	617
Coppell Independent School District	274,501	2.36 %	6,478
Dallas County	199,545	50.24 %	100,251
Dallas County Community College District	263,140	50.24 %	132,202
Dallas County Hospital District	703,770	50.24 %	353,574
Dallas Independent School District	2,923,745	88.61 %	2,590,730
Denton County	645,305	1.58 %	10,196
Duncanville Independent School District	214,226	44.83 %	96,038
Garland Independent School District	564,701	2.63 %	14,852
Grand Prairie Independent School District	274,910	9.21 %	25,319
Highland Park Independent School District	83,942	9.10 %	7,639
Irving Independent School District	447,255	2.24 %	10,019
Lancaster Independent School District	146,239	1.69 %	2,471
Mesquite Independent School District	544,763	1.23 %	6,701
Plano Independent School District	1,031,725	10.75 %	110,910
Richardson Independent School District	607,530	56.58 %	343,740
Subtotal, overlapping debt	$ 9,624,436		$ 3,843,088
City Of Dallas (direct debt)	1,995,986	100.00 %	1,995,986
Total direct and overlapping debt	$ 11,620,422		$ 5,839,074
Ratio of Direct and Estimated Share of Overlapping Tax Debt to Taxable Assessed Valuation			5.29%
Per Capita Direct and Overlapping Tax Debt (not in thousands)			4,598

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. Debt outstanding data was obtained from each governmental unit.

CITY OF DALLAS, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

	Governmental								
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Equipment Acquisition Notes	Pension Obligation Bonds	TIF Bonds	Capital Leases Payable	Commercial Paper	Long-term Notes Payable	Revenue and Refunding Bonds
2008	$ 1,447,695	$ 80,590	$ 58,180	$ 413,618	$ 7,451	$ 10,732	$ -	$ 11,609	$ 2,107,537
2009	1,553,177	75,888	71,088	412,559	5,397	9,526	-	9,774	2,121,743
2010	1,564,938	58,915	45,802	412,018	-	7,072	-	7,833	2,234,823
2011	1,467,092	36,456	43,038	412,720	-	6,231	-	5,826	2,280,946
2012	1,343,278	50,031	22,385	410,168	-	6,526	25,000	4,702	2,368,889
2013	1,452,292	36,477	9,375	407,301	-	17,737	-	31,635	2,423,049
2014	1,318,947	26,457	4,685	404,248	-	26,991	26,475	32,402	2,316,892
2015	1,558,578	21,871	-	400,411	-	52,488	27,880	44,208	2,577,258
2016	1,641,422	18,011	-	261,102	-	59,117	10,220	42,893	2,701,953
2017	1,486,496	14,117	-	253,016	-	59,565	9,650	49,027	2,900,670

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) These ratios are calculated using personal income and population data (See Table 15).

(2) See Table 5 for property value data.

Table 11

	Business-Type								
General Obligation Bonds	Pension Obligation Bonds	Commercial Paper	Long-term Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Total Bonded Debt	Percentage of Estimated Actual Property Value (2)	Per Capita (1)
$ -	$ 140,087	$ 67,242	$ 15,733	$ 4,360,474	13.15%	$ 3,409	$ 2,140,170	2.53%	1,673
-	139,729	169,983	14,535	4,583,399	13.87%	3,509	2,252,441	2.49%	1,725
-	139,545	58,000	12,539	4,541,485	13.17%	3,451	2,221,218	2.55%	1,688
-	139,323	36,860	10,760	4,439,252	14.78%	3,699	2,098,629	2.52%	1,749
-	138,642	-	8,985	4,378,606	14.20%	3,628	1,964,504	2.40%	1,628
-	137,815	-	6,867	4,522,548	14.65%	3,670	2,043,260	2.44%	1,660
-	136,868	122,840	4,708	4,421,513	13.15%	3,663	1,891,205	2.17%	1,567
-	135,617	90,458	2,508	4,911,277	14.41%	3,948	2,116,477	2.27%	1,701
8,396	119,738	48,322	266	4,911,440	12.82%	3,904	2,048,669	2.04%	1,629
7,307	116,029	18,500	-	4,914,377	12.25%	3,870	1,876,965	1.70%	1,478

CITY OF DALLAS, TEXAS
LEGAL DEBT MARGIN
Last Ten Fiscal Years (Unaudited)
(in thousands)

	2008	2009	2010	2011
Total Assessed Valuation	$84,526,934	$90,477,933	$87,264,095	$83,425,479
Overall debt limitation - 10% of assessed valuation	8,452,693	9,047,793	8,726,410	8,342,548
Net Debt Subject to Limitation	1,905,673	2,006,271	1,938,126	1,798,332
Legal debt margin within 10% limitation (1)	$6,547,020	$7,041,522	$6,788,284	$6,544,216
Legal Debt Margin as a Percentage of the Debt Limit	77.5%	77.8%	77.8%	78.4%

Notes:

(1) Chapter XXI, Section 3 of the City of Dallas Charter states, "The maximum bonded indebtedness of the City outstanding at any one time, and payable from taxation, shall not exceed 10% of the total assessed valuation of property shown by the last assessment roll of the City."

Table 12

2012	2013	2014	2015	2016	2017
$81,993,746	$83,681,722	$87,251,522	$93,138,211	$100,318,937	$110,387,629
8,199,375	8,368,172	8,725,152	9,313,821	10,031,894	11,038,763
1,666,007	1,691,184	1,547,227	1,700,335	1,774,889	1,625,654
$6,533,368	$6,676,988	$7,177,925	$7,613,486	$8,257,005	$9,413,109
79.7%	79.8%	82.3%	81.7%	82.3%	85.3%

Table 13

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
DALLAS WATER UTILITIES
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service: Gross Revenue	Expense [1]	Net Revenue	Debt Service Requirements [2]: Principal	Interest	Total	Revenue Bond Coverage [3]
2008	$ 462,424	$ 206,213	$ 256,211	$ 91,215	$77,606	$ 168,821	1.52
2009	490,729	245,846	244,883	95,330	75,940	171,270	1.43
2010	478,512	240,117	238,395	96,115	73,987	170,102	1.40
2011	508,040	228,844	279,196	96,115	80,444	176,559	1.58
2012	535,289	235,821	299,468	96,115	77,250	173,365	1.73
2013	554,686	233,177	321,509	89,510	84,269	173,779	1.85
2014	569,822	246,141	323,681	94,545	84,134	178,679	1.81
2015	568,841	287,983	280,858	96,675	86,186	182,861	1.54
2016	619,890	306,085	313,805	100,980	79,705	180,685	1.74
2017	630,542	283,669	346,873	101,803	85,955	187,758	1.85

Notes:

[1] Operating expenses do not include depreciation or any PILOT payments or similar payments that are not considered expenses of the operation and maintenance of the Water and Wastewater System.

Operating expenses includes payments for the Water Transmission Facilities Financing Agreement in, as explained in note 11.S. Per Texas Government Code, Section 1502.056(c), "a contract between a municipality and an issuer, as defined by Section 1201.002, under which the municipality obtains from the issuer part or all of the facilities or services of a utility system to that payments made by the municipality from the revenue of the utility system are an operating expense of the municipality's utility system."

[2] Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

[3] Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
CONVENTION CENTER FUND
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements [2]			Revenue Bond Coverage [3]
	Gross Revenue	Expenditures [1]	Net Revenue	Principal	Interest	Total	
2008	$ 87,068	$ 40,212	$ 46,856	$ 15,820	$ 18,543	$ 34,363	1.4
2009	73,871	40,170	33,701	1,725	18,696	20,421	1.7
2010	73,783	38,196	35,587	1,730	17,791	19,521	1.8
2011	77,332	38,354	38,978	2,205	16,487	18,692	2.1
2012	75,947	44,975	30,972	2,775	16,421	19,196	1.6
2013	85,820	52,850	32,970	3,675	16,282	19,957	1.7
2014	90,356	54,606	35,750	4,640	16,098	20,738	1.7
2015	99,805	57,479	42,326	5,740	15,866	21,606	2.0
2016	110,653	70,164	40,489	6,945	15,579	22,524	1.8
2017	111,515	71,123	40,392	8,250	15,232	23,482	1.7

[1] Convention Center Revenue bond covenants require only Convention Center expenses be considered when calculating bond coverage.

[2] Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

[3] Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

Table 15

CITY OF DALLAS, TEXAS
DEMOGRAPHIC STATISTICS AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population [1]	Personal Income	Per Capita Personal Income	Median Household Income	Median Age	Assessed Valuation (in thousands)	Labor Force	Unemployment [2]	Unemployment Rate [2]
2008	1,279,910	$ 33,154,788,640 [3]	$ 25,904 [4]	$ 42,670 [3]	32.1 [3]	$ 84,526,934	606,506	29,719	4.9 %
2009	1,306,350	33,048,042,300 [3]	25,298 [4]	40,473 [3]	32.0 [3]	90,477,933	592,403	43,838	7.4 %
2010	1,316,350 [5]	34,473,231,975 [3]	26,189 [4]	39,813 [3]	31.8 [3]	87,264,095	605,307	52,662	8.7 %
2011	1,200,530 [6]	30,042,062,720 [3]	25,024 [4]	42,911 [3]	31.6 [3]	83,425,479 [7]	607,860	52,884	8.7 %
2012	1,207,420	30,842,940,190 [3]	25,545 [4]	43,804 [3]	31.7 [3]	81,993,746 [7]	580,975	44,955	7.7 %
2013	1,232,243	30,868,803,800 [3]	25,051 [4]	41,318 [3]	32.0 [3]	83,681,722 [7]	591,278	39,966	6.8 %
2014	1,232,360	33,615,083,720 [3]	27,277 [4]	41,666 [3]	32.3 [3]	87,251,522 [7]	596,473	34,977	5.9 %
2015	1,244,270	34,081,929,000 [3]	27,391 [4]	43,103 [3]	32.1 [3]	93,138,211 [7]	642,785	26,917	4.2 %
2016	1,257,730	38,299,687,300	30,451 [4]	44,461 [3]	32.5 [3]	100,318,937 [7]	661,622	25,627	3.9 %
2017	1,270,170	40,127,279,400 [3]	31,592 [4]	46,581 [3]	32.7 [3]	110,387,629	676,091	27,356	4.1 %

[1] North Central Texas Council of Governments estimate

[2] U.S. Bureau of Labor Statistics

[3] Personal Income, Median Household Income, and Median Age are averages of previous two years. Personal income is the aggregate income in the past 12 months. Census Bureau.

[4] Per Capita Personal Income is derived from Population and Personal Income values. Census Bureau.

[5] The 2010 North Central Texas Council of Governments estimate difference from the 2010 Census value.

[6] The 2011 North Central Texas Council of Governments estimate in based on 2010 Census and is NOT a continuation of previous 2001-2009 estimates. 2014 data obtained from United States Census Bureau.

[7] Consolidated Appraisal Value from Budget Office

All values by year are current estimates as published by the source at the date of publication. Updates to the values after publication date by their source are not reflected.

Table 16

CITY OF DALLAS, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago (Unaudited)

	2017			2008		
Name of Employers	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Dallas Independent School District	19,740	1	2.32%	20,077	1	2.49%
City of Dallas	12,538	2	1.48%	12,825	2	1.59%
The University of Texas Southwestern Medical Center	11,861	3	1.40%	10,944	4	1.36%
Texas Instruments Inc.	10,961	4	1.29%	11,000	3	1.36%
Parkland Health and Hospital System	9,968	5	1.17%	8,567	6	1.06%
Southwest Airlines Co.	9,931	6	1.17%	6,123	7	-
Baylor University Medical Center	9,749	7	1.15%	5,225	9	0.65%
AT&T Inc.	9,563	8	1.13%	4,349	10	0.54%
Dallas County	7,162	9	0.84%			-
United States Postal Service	6,927	10	0.82%	6,000	8	-
Brinker International	-	-	-	8,727	5	1.08%
	108,400		12.77%	93,837		10.13%

Source: Hoovers; Dallas Business Journal Book of Lists 2018 (December 2017); and the City of Dallas Office of Economic Development.

CITY OF DALLAS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

Function/Program	2007	2008	2009	2010
Public safety				
Police stations	7	8	8	8
Fire stations	55	56	56	56
Streets, public works and transportation				
Streets - paved (miles)	3,511	3,519	3,585	3,541
Lane miles	11,580	11,607	11,633	11,672
Traffic signals	1,296	1,298	1,315	1,329
Street lights	85,693	86,500	86,902	86,514
Parks and recreation				
Parks	374	376	376	368
Parks acres	23,018	23,040	23,042	23,080
Miles of trails (jogging, hiking & biking)	90	99	99	107
Number of lakes	18	18	18	18
Swimming pools	27	22	22	22
Spraygrounds "Water-enhanced playground"	7	8	8	8
Athletic fields (soccer, football, baseball & rugby)	277	277	277	278
Tennis centers	5	5	5	5
Number of tennis courts	81	81	81	81
Neighborhood tennis courts	177	177	177	171
Multi-use courts	154	154	154	154
Golf courses (18 holes)	6	6	6	6
Recreation centers (community)	47	47	43	43
Water				
Water mains (miles)	4,840	4,862	4,980	5,024
Fire hydrants	27,222	27,969	28,373	27,800
Wastewater				
Miles of sanitary sewers	4,831	4,831	4,267	4,293
Miles of storm sewers	1,755	1,744	1,749	1,768

Source: City capital asset records

TABLE 17

2011	2012	2013	2014	2015	2016	2017
8	8	8	8	8	8	8
56	56	57	57	58	58	58
4,020	4,028	4,031	4,033	4,041	4,034	4,027
11,804	11,676	11,701	11,771	11,754	11,775	11,757
1,328	1,333	1,342	1,348	1,354	1,354	1,535
86,321	86,406	87,263	87,355	87,790	87,790	91,000
371	378	374	381	380	389	396
23,080	23,164	23,331	22,842	23,470	23,147	20,109
107	125	130	130	144	153	158
18	18	18	13	13	13	13
22	22	20	18	18	19	19
8	8	10	10	11	11	11
278	278	272	272	271	278	274
5	5	5	5	5	5	5
81	81	81	81	81	81	99
171	171	177	177	177	177	157
154	154	156	156	153	154	158
6	6	6	6	6	6	6
43	43	43	43	43	43	43
5,166	4,915	4,922	4,922	4,925	4,937	4,955
27,800	29,028	29,243	29,626	29,666	29,857	30,176
4,364	4,020	4,017	4,017	4,017	4,020	4,022
1,788	1,790	1,791	1,791	1,800	1,820	1,838

CITY OF DALLAS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2008	2009	2010	2011
Public Safety				
Police				
Calls for Service	728,404	690,768	596,742	632,365
Fire				
Calls for Service - Fire	120,203	117,721	115,462	145,298
Calls for Service - EMS	172,278	163,100	166,585	173,666
Recreation				
Number of Membership Scans	N/A	N/A	N/A	N/A
Building Permits				
Permits Issued	31,160	28,408	26,997	34,786
Estimated Value	$2,895,410,156	$1,841,471,331	$1,843,819,294	$3,083,719,959
Airport				
Airport Operations (Takeoffs and Landings)	231,656	176,977	168,373	178,054
Utilities (millions of gallons)				
Water Usage - Peak	670	626	638	683
Water Usage - Average	416	406	388	428

Source: Department annual records

Note:
N/A - Information not available

Table 18

2012	2013	2014	2015	2016	2017
589,865	591,997	590,443	599,319	628,871	608,548
59,784	46,127	42,346	41,049	43,228	43,783
172,032	193,820	195,802	189,894	202,212	206,323
N/A	348,830	545,998	564,684	632,246	453,369
43,064	38,478	36,044	37,951	41,480	40,650
$2,310,325,994	$2,652,432,543	$3,305,921,947	$4,097,419,967	$4,636,962,395	$4,264,728,943
177,067	178,232	176,889	209,121	223,997	225,754
649	583	535	619	592	511
395	391	369	374	369	372

CITY OF DALLAS, TEXAS
HEADCOUNT OF CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Manager's Office	45	39	45	30	20	14	15	14	12	11
City Attorney	170	156	120	116	122	144	144	149	153	157
City Auditor	36	36	31	28	20	19	22	22	22	23
City Controller's Office	N/A	N/A	42	42	44	42	42	42	41	47
City Secretary	21	20	16	14	14	15	14	15	17	18
Code Compliance	361	410	461	408	401	388	397	404	440	455
Communication & Information Services	186	196	197	164	168	173	170	163	170	188
Economic Development	50	47	41	40	40	41	41	39	36	37
Environment & Health Service	435	438	-	-	-	-	-	-	-	
Environmental Quality	21	22	-	-	-	-	-	-	-	
Equipment & Building Services	433	413	384	360	381	435	461	461	452	491
Financial Services	242	236	26	28	30	39	39	47	30	31
Human Resources	164	79	54	50	40	41	47	49	53	54
Housing	71	72	428	412	391	364	357	367	357	304
Cultural Affairs	98	65	46	47	56	64	61	64	63	63
Emergency Management	5	6	-	-	-	-	-	-	-	
Municipal Court-Judiciary	43	31	40	37	32	34	33	32	29	32
Courts & Detention Services	182	175	170	155	161	151	145	152	158	153
Business Development & Procurement Services	46	47	42	40	39	39	41	41	40	36
Planning & Urban Design	-	-	-	-	-	-	-	23	28	28
Library	511	487	360	278	259	264	266	348	391	389
Management Services	-	-	145	137	164	160	164	160	181	199
Subtotal	3,120	2,975	2,648	2,386	2,382	2,427	2,459	2,592	2,673	2,716
Public Safety										
Police-Uniform	3,369	3,455	3,662	3,510	3,470	3,463	3,524	3,483	3,354	3,075
Police-Civilian	980	712	582	550	541	557	540	545	550	624
Fire-Uniform	1,693	1,768	1,776	1,738	1,874	1,870	1,867	1,901	1,878	1,811
Fire-Civilian	199	95	84	84	85	82	92	104	102	105
Subtotal	6,241	6,030	6,104	5,882	5,970	5,972	6,023	6,033	5,884	5,615
Development Services	294	292	198	197	224	237	264	269	280	299
Public Works										
Public Works & Transportation	469	448	305	272	140	143	144	138	137	-
Streets, Public Works, and Transportation (1)	522	514	371	400	496	485	491	510	508	609
Trinity Watershed Management	-	-	141	147	172	170	193	205	207	209
Subtotal	991	962	817	819	808	798	828	853	852	818
Parks and Recreation	1,319	955	634	594	581	598	614	661	729	691
Water Utilities	1,455	1,459	1,425	1,369	1,406	1,440	1,432	1,463	1,439	1,439
Convention & Events Services	110	102	101	83	80	71	74	80	98	111
Aviation	165	174	180	170	178	196	187	203	206	240
Sanitation	517	503	456	451	458	460	472	488	483	487
Other										
Mayor & Council	36	35	36	35	37	37	36	39	37	40
Employee Retirement	19	19	20	20	21	22	19	23	25	28
Civil Services	23	21	14	13	15	18	20	24	22	28
Risk Management	-	-	-	-	23	24	24	22	27	26
Police & Fire Pension	1	1	1	-	-	-	-	-	-	-
Subtotal	79	76	71	68	96	101	99	108	111	122
Total	13,774	13,025	12,178	11,568	11,725	11,840	11,980	12,262	12,272	12,538

Source: City Human Resources Records

(1) In fiscal year 2017, streets, public works, and transportation were combined.

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

Publication FY17-18 #84